

11. LINES OF CREDIT

A *line of credit* is an extension of credit from a bank to a licensee. In common practice, a line of credit is less formal than a letter of credit.²⁰ To be acceptable to NRC for purposes of decommissioning financial assurance, however, a line of credit must be very similar to a letter of credit. The line of credit represents a binding arrangement by which the issuing party (i.e., a bank) agrees to place funds into a standby trust fund in the event of default by the licensee in the performance of decommissioning. A line of credit providing financial assurance for decommissioning must be documented in writing, irrevocable (meaning that it may not be canceled prior to its expiration date), and payable only at the request of NRC. The arrangement requires that the licensee repay (with interest) any funds drawn from the line of credit.

A line of credit used for decommissioning financial assurance must be open-ended or, if written for a specified term (such as five years), must be renewed automatically unless 90 days or more prior to the renewal date, the issuing bank notifies both NRC and the licensee of its intention not to renew. A line of credit must also provide that the full face amount of the credit be paid to the beneficiary automatically prior to expiration, without proof of forfeiture, if the licensee fails to provide a replacement mechanism acceptable to NRC within 30 days after receipt of notification of cancellation.

Funds drawn from a line of credit must be placed directly into a “standby trust fund” if the licensee fails to conduct decommissioning as required. A standby trust fund is simply a trust fund that is not yet funded but is otherwise ready to accept monies in the event they are received from a particular source (such as a line of credit). Funds in the standby trust would then be available to pay the costs of decommissioning, just as they would with an ordinary trust fund. (See Section 17 for more information on standby trust funds.)

The remainder of this section discusses the primary criteria that determine whether a particular line of credit submissions will be acceptable to NRC.

- C Section 11.1 describes qualifications required of the issuer.
- C Section 11.2 addresses the adequacy of coverage.
- C Section 11.3 discusses the documentation that supports a line of credit.

This section also contains two checklists designed to assist licensees in preparing acceptable lines of credit. Checklist 11-A summarizes the primary criteria used by NRC to evaluate lines of credit. Checklist 11-B presents terms and conditions that are recommended for lines of credit. NRC has not yet developed model wording for a line of credit. Nevertheless, such wording would probably be similar to the wording for a model letter of credit.

²⁰Letters of credit are discussed in Section 10 of this regulatory guide.

CHECKLIST 11-A

LINES OF CREDIT

- 9 Documentation is complete:
 - 9 1. Line of credit documentation or verification (originally signed duplicate)
 - 9 2. Standby trust agreement and all supporting documentation (see Section 17 and attach Checklist 17-A)
 - 9 3. Checklist 11-B
- 9 The financial institution is regulated by a Federal or State agency.
- 9 The amount of the line of credit equals or exceeds the required coverage level.

11.1 QUALIFICATIONS OF THE ISSUER

A bank issuing a line of credit to a licensee should be a financial institution whose operations are regulated and examined by a Federal or State agency.

- C The word "National" in the title of a financial institution signals that the institution is *Federally regulated*, as do the words "National Association" or the initials "N.A." following its title. To determine whether such a financial institution qualifies as an acceptable issuer of a line of credit, licensees should contact the appropriate district office of the Office of the Comptroller of the Currency (OCC) and confirm that the institution is Federally regulated. The six district offices of the OCC, along with the States and territories under their jurisdiction, are as follows:

- Northeastern District Office (212-819-9860) -- CT, DE, ME, MD, MA, NH, NJ, NY, PA, RI, VT, District of Columbia, Puerto Rico, and Virgin Islands.
- Southeastern District Office (404-659-8855) -- AL, FL, GA, MS, NC, SC, TN, VA, and WV.
- Central District Office (312-360-8800) -- IL, IN, KY, MI, OH, and WI.
- Midwestern District Office (816-556-1800) -- IA, KS, MN, MO, NE, ND, and SD.
- Southwestern District Office (214-720-0656) -- AR, LA, NM, OK, and TX.
- Western District Office (415-545-5900) -- AK, AZ, CA, CO, HI, ID, MT, NV, OR, UT, WA, WY, and Guam.

- C The word “State” in the title of a financial institution signals that the institution is *State regulated*. U.S. branches of foreign banks are usually regulated by the State in which they are located. To determine whether a State-regulated financial institution qualifies as an acceptable issuer of a line of credit, licensees should contact the applicable State banking authority and confirm that the institution is State regulated.
- C The titles of some financial institutions do not suggest that they are either Federally regulated or State regulated. In many such cases (but not all), these institutions are State regulated, as are many domestic branches of foreign banks.

Also, as noted above, a line of credit must be payable to a standby trust fund. Information on the qualifications of trustees of standby trusts is provided in Section 17.

11.2 LEVEL OF COVERAGE

A line of credit must be in an amount that is at least equal to the licensee’s certification amount or estimated cost of decommissioning.²¹ If the licensee’s certification amount or estimated decommissioning cost increases to a level above the amount assured by the line of credit, the licensee must either (1) revise the line of credit to assure the higher amount, or (2) obtain another financial assurance mechanism to make up the difference between the new coverage level and the amount of the line of credit.

11.3 RECOMMENDED DOCUMENTATION

Licensees who use lines of credit to provide financial assurance for decommissioning must submit documentation or verification of the line of credit and other documentation as discussed below and summarized in Checklist 11-A.

- C *Documentation or verification of the line of credit* (along with any amendments) signed by an authorized representative from the issuing bank. Licensees should refer to Checklist 11-B to ensure that the line of credit contains all the necessary terms and conditions.
- C *A standby trust fund* must be established to receive funds from the line of credit. The standby trust fund should satisfy the criteria described in Section 17 and in Checklist 17-A of this regulatory guide.

²¹ The exception to this rule is a line of credit that is being combined with another financial mechanism. For a combination of mechanisms, the *sum* of the coverage provided by the mechanisms must be at least equal to the required coverage level.

CHECKLIST 11-B

Terms and Conditions Needed in Decommissioning Lines of Credit

- 9 Statement of licensee's regulatory obligation as reason for the line of credit.
- 9 The line of credit should be limited in amount.
- 9 The line of credit must be either open-ended or renewed automatically.
- 9 NRC may draw on the line of credit upon commencement of required activities.
- 9 The financial institution must be obligated to provide funds without reservation as necessary for required activities.
- 9 The issuer's obligation to pay the beneficiary should arise only upon presentation of a draft or other documents specified in the line of credit.
- 9 The financial institution issuing the mechanism must notify the licensee and NRC by certified mail at least 90 days prior to cancellation or non-renewal.
- 9 An automatic payment provision must be included that if the licensee is unable to secure alternative financial assurance to replace the line of credit within 30 days of notification of cancellation, then NRC may draw upon the line of credit prior to cancellation.
- 9 The line of credit must be payable to a standby trust.
- 9 The financial institution must not be called upon to determine a question of fact or law at issue between the licensee and NRC.
- 9 The licensee should have an unqualified obligation to reimburse the issuer for payments made under the line of credit.
- 9 Signatures and titles (signature block).
- 9 Date (signature block).

12. INSURANCE POLICIES

A decommissioning *insurance policy* is a guarantee by an insurance company to fund decommissioning. NRC's experience is that licensees seeking to use insurance policies to assure their decommissioning costs have met with little if any success.

An insurance policy used for decommissioning financial assurance must be open-ended or, if written for a specified term (such as five years), must be renewed automatically unless 90 days or more prior to the renewal date, the issuer notifies both NRC and the licensee of its intention not to renew. An insurance policy must also provide that the full face amount of the policy be paid to the beneficiary automatically prior to expiration, without proof of forfeiture, if the licensee fails to provide a replacement mechanism acceptable to NRC within 30 days after receipt of notification of cancellation.

Funds drawn from an insurance policy must be placed directly into a "standby trust fund" if the licensee fails to conduct decommissioning as required. A standby trust fund is simply a trust fund that is not yet funded but is otherwise ready to accept monies in the event they are received from a particular source (such as an insurance policy). Funds in the standby trust would then be available to pay the costs of decommissioning, just as they would with an ordinary trust fund. (See Section 17 for more information on standby trust funds.)

The remainder of this section discusses the primary criteria that determine whether particular insurance policy submissions will be acceptable to NRC.

- C Section 12.1 describes qualifications required of the issuer (the insurance company).
- C Section 12.2 addresses the adequacy of coverage.
- C Section 12.3 discusses the documentation that supports an insurance policy.

This section also contains two checklists designed to assist licensees in preparing acceptable insurance policies. Checklist 12-A summarizes the primary criteria used by NRC to evaluate insurance policies. Checklist 12-B presents terms and conditions that are recommended for insurance policies. NRC has not yet developed model insurance policy wording that is acceptable to insurers and to NRC.

12.1 QUALIFICATIONS OF THE ISSUER

An insurance company that issues a policy to provide financial assurance for decommissioning must be licensed by State regulatory authorities to transact business as an insurer in one or more U.S. States. This standard prevents licensees from using policies issued by insurers that are not subject to oversight by at least one U.S. State regulatory authority. Insurance policies issued by "captive" insurers (insurers owned by at least one of

CHECKLIST 12-A
INSURANCE POLICIES

- 9 Documentation is complete:
 - 9 1. Insurance policy (originally signed duplicate)
 - 9 2. Standby trust agreement and all supporting documentation (see Section 17 and attach Checklist 17-A)
 - 9 3. Checklist 12-B
- 9 The insurance company is licensed by State regulatory authorities to transact business as an insurer in one or more U.S. States.
- 9 The amount of the insurance policy equals or exceeds the required coverage level.

the parties for which they provide coverage) may not be used by licensees to provide financial assurance for decommissioning.²²

Also, as noted above, an insurance policy must be payable to a standby trust fund. Information on the qualifications of trustees of standby trusts is provided in Section 17.

12.2 Level of Coverage

An insurance policy used as a decommissioning financial assurance mechanism must provide coverage that is at least equal to the licensee's certification amount or estimated cost of decommissioning.²³ Note that an annuity policy that would gradually increase coverage over time to equal decommissioning costs would *not* be acceptable (unless accompanied by some other financial assurance mechanism to make up any shortfall). If the licensee's certification amount or estimated decommissioning cost increases to a level above the amount assured by the insurance policy, the licensee must either (1) revise the insurance policy to assure the higher amount or (2) obtain another financial assurance mechanism to make up the difference between the new coverage level and the amount of the insurance policy.

²² Captive insurers (1) are less strictly regulated than commercial insurers, (2) may not be monitored closely after their operations have been approved, and (3) usually do not have access to guarantee funds that pay claims in the event the insurer is not able to do so.

²³ An exception is an insurance policy that is being combined with another financial mechanism. For a combination of mechanisms, the *sum* of the coverage provided by the mechanisms must be at least equal to the required coverage level.

12.3 RECOMMENDED DOCUMENTATION

Licensees who use insurance policies to provide financial assurance for decommissioning must submit a copy of the insurance policy and other documentation as discussed below and summarized in Checklist 12-A.

- C A copy of the *insurance policy* (along with any endorsements or amendments) signed by an authorized representative from the insurance company. Licensees should refer to Checklist 12-B to be sure that the insurance policy contains all the necessary terms and conditions.²⁴
- C A *standby trust fund* must be established to receive funds from the insurance policy. The standby trust fund should satisfy the criteria described in Section 17 and in Checklist 17-A of this regulatory guide.

CHECKLIST 12-B

Terms and Conditions Needed in Decommissioning Insurance Policies

- 9 Name and address of licensee.
- 9 NRC license number; name and address of facility.
- 9 Name and address of insurer.
- 9 Amount of insurance policy (limit of liability).
- 9 Premium.
- 9 Effective date of policy.
- 9 Expiration date of policy.
- 9 Statement of licensee's regulatory obligations as reason for policy.
- 9 The insurance policy must be either open-ended or renewed automatically.
- 9 The insurer issuing the mechanism must notify the licensee and NRC by certified mail at least 90 days prior to cancellation or nonrenewal.
- 9 An automatic payment provision must be included that, if the licensee is unable to secure alternative financial assurance to replace the policy within 30 days of notification of cancellation, the NRC may draw upon the policy prior to cancellation.
- 9 The insurance policy must be payable to a standby trust.
- 9 Signatures.
- 9 Date.

²⁴ Licensees should also maintain in their records any *certificates of insurance* signed by individuals authorized to act for the licensee and the insurer. Certificates of insurance can be helpful in clarifying any ambiguities that may exist in the insurance policy.

13. PARENT COMPANY GUARANTEES

A *parent company guarantee* is a guarantee from a licensee's corporate parent that it will fund or carry out decommissioning activities if the licensee fails to do so. The corporate parent must annually pass (within 90 days after the close of each succeeding fiscal year) one of two financial tests specified in Appendix A to 10 CFR Part 30 to demonstrate that it has adequate financial strength to provide the guarantee. The financial test alternatives (see below) consider accounting ratios, net worth, assets, and bond rating data relative to fixed criteria. Also, the parent company's financial statements must have been prepared in accordance with generally accepted accounting principles applicable to the United States, and an independent certified public accountant must have verified the accuracy of the financial test data relative to the audited financial statements. A parent company guarantee may not be used in combination with other financial assurance mechanisms.

A parent company guarantee must remain in force unless the parent company sends notice of cancellation by certified mail to both NRC and the licensee at least 120 days in advance (as evidenced by the return receipts). However, a parent company guarantee may be used only as long as the parent company meets the financial test criteria. If the parent company no longer passes the financial test, it must provide alternative financial assurance if the licensee does not do so.

If the guarantee is drawn upon because the licensee fails to carry out decommissioning, the parent company must either fund or carry out decommissioning activities. Under the funding option, funds drawn from a parent company guarantee should be placed directly into a "standby trust fund." A standby trust fund is simply a trust fund that is not yet funded but is otherwise ready to accept monies in the event they are received from a particular source (such as a parent company guarantee). Funds in the standby trust would then be available to pay the costs of decommissioning, just as they would with an ordinary trust fund. (See Section 17 for more information on standby trust funds.)

The remainder of this section discusses the primary criteria that determine whether particular parent company guarantee submissions will be acceptable to NRC.

- C Section 13.1 describes qualifications required of the issuer.
- C Section 13.2 addresses the adequacy of coverage.
- C Section 13.3 discusses the documentation that supports a parent company guarantee.
- C Section 13.4 presents a model parent company guarantee that NRC has found to be acceptable.

This section also contains two checklists designed to assist licensees in preparing acceptable parent company guarantees. Checklist 13-A summarizes the primary criteria used by NRC to evaluate parent company guarantees. Checklist 13-B (which should be used only by licensees that revise or do not use the model wording for parent company

CHECKLIST 13-A

PARENT COMPANY GUARANTEES

- 9 Documentation is complete:
 - 9 1. Parent company (corporate) guarantee agreement (originally signed duplicate)
 - 9 2. Letter from chief executive officer of licensee
 - 9 3. Letter from chief financial officer of parent company, including parent company guarantee financial test (Financial Test I or II)
 - 9 4. Auditor's special report confirming CFO letter and reconciling amounts in the CFO letter with parent company's financial statements
 - 9 5. Parent company's audited financial statements for the most recent fiscal year, including the auditor's opinion on the financial statements
 - 9 6. Standby trust agreement and all supporting documentation (see Section 17 and attach Checklist 17-A)
 - 9 7. Checklist 13-B (if model parent company guarantee wording is modified or not used)
- 9 The corporate parent has majority control of the licensee's voting stock (if not, details on the parent-subsidary relationship have been submitted to NRC for review).
- 9 The amount of the parent company guarantee equals or exceeds the required coverage level.

guarantees) presents terms and conditions that are recommended for parent company guarantees.

13.1 QUALIFICATIONS OF THE ISSUER

A parent company guarantee must be provided by the corporate parent of the licensee. Normally, the parent company must have majority control of the licensee's voting stock (although NRC may consider exceptions to this rule on a case-by-case basis). To qualify to provide the guarantee, the parent company must meet one of the two financial tests specified in Appendix A to 10 CFR Part 30. These two financial tests, shown below, differ in that one includes a bond rating criterion while the other does not. Parent companies without an actual bond rating may still use the bond rating alternative of the financial test by securing a so-called "indicative" bond rating from either Standard & Poor's or Moody's. Indicative bond ratings, which are available for a fee, are for information only and are provided as an indication of what a rating would be if the firm were to issue debt. A parent company seeking to use an indicative bond rating should submit the rating and name of the rating service as part of the financial test demonstration. The company, however, would not be able to provide NRC with information on the dates of issuance and maturity of the bond, nor would it be able to certify that the rating pertained to its "most recent bond issuance." Rather, the parent company would explain that

the rating was an indicative rating. The parent company would also update the indicative rating every year as it repeats the passage of the financial test.

As noted above, a parent company guarantee should be payable to a standby trust fund. Information on the qualifications of trustees of standby trusts is provided in Section 17.

13.2 LEVEL OF COVERAGE

A parent company guarantee must be in an amount that is at least equal to the licensee's certification amount or estimated cost of decommissioning. If the licensee's certification amount or estimated decommissioning cost increases to a level above the amount assured by the parent company guarantee, the licensee must revise the guarantee to assure the higher amount (or must replace the guarantee with a different financial assurance mechanism that is in the amount of the new coverage level).²⁵

²⁵ Because a parent company guarantee may not be used in combination with any other financial assurance mechanism, licensees do not have the option of obtaining another mechanism to make up differences between increased coverage levels and guaranteed amounts.

Financial Test I

The parent company must have:

- (i) Two of the following three ratios: A ratio of total liabilities to net worth less than 2.0; a ratio of the sum of net income plus depreciation, depletion, and amortization to total liabilities greater than 0.1; and a ratio of current assets to current liabilities greater than 1.5;
- (ii) Net working capital and tangible net worth each at least six times the current decommissioning cost estimates (or prescribed amount if a certification is used);
- (iii) Tangible net worth of at least \$10 million;
- (iv) Assets located in the United States amounting to at least 90 percent of total assets or at least six times the current decommissioning cost estimates (or prescribed amount if a certification is used).

Financial Test II

The parent company must have:

- (i) A current rating for its most recent bond issuance of AAA, AA, A, or BBB as issued by Standard & Poor's, or Aaa, Aa, A, or Baa as issued by Moody's;
- (ii) Tangible net worth at least six times the current decommissioning cost estimates (or prescribed amount if a certification is used);
- (iii) Tangible net worth of at least \$10 million;
- (iv) Assets located in the United States amounting to at least 90 percent of total assets or at least six times the current decommissioning cost estimates (or prescribed amount if a certification is used).

13.3 RECOMMENDED DOCUMENTATION

The terms and conditions of a parent company guarantee are governed by a written guarantee agreement. The wording of a parent company guarantee agreement may vary, but this Regulatory Guide (in Section 13.4) includes a "model" parent company guarantee agreement that would meet NRC's requirements and is recommended by NRC. In addition to the guarantee agreement, other documentation must be submitted with a parent company guarantee. Documentation for the model parent company guarantee is to include the following, as summarized in Checklist 13-A.²⁶

- c The *guarantee agreement* is the written document that specifies the terms and conditions of the parent company guarantee. The wording in the model guarantee presented in Section 13.4 is acceptable to NRC. Licensees who use other wording should refer to Checklist 13-B to be sure that the alternative wording contains all the necessary terms and conditions.

²⁶ Supporting documentation may differ for licensees who submit parent company guarantees that differ from the recommended model.

- C The *chief executive officer (CEO) letter* is a letter from the CEO of the licensee that (1) certifies that the licensee is a going concern, (2) identifies the amount of the licensee's tangible net worth, (3) specifies whether the licensee is required to file a Form 10-K with the U.S. Securities and Exchange Commission, and (4) states the date on which the licensee's fiscal year ends.
- C The *chief financial officer (CFO) letter* is a letter from the CFO of the parent company that (1) identifies the names, addresses, license numbers, and estimated decommissioning costs of the facilities covered by the guarantee and (2) demonstrates the parent company's ability to pass either of the two financial tests specified in Appendix A to 10 CFR Part 30. The parent company must pass the financial test for all costs covered by a financial test. These include costs covered by (1) the parent company guarantee, (2) other NRC or Agreement State parent company guarantees or self-guarantees, and (3) parent company guarantees, self-guarantees, or financial tests of other Federal or State agencies (e.g., EPA).
- C The *auditor's special report* is a report from the parent company's independent certified public accountant that compares the data used by the parent company in the financial test demonstration with the amounts in its annual financial statements. If needed, this report may also include a *schedule attachment* reconciling the financial test numbers with amounts in the parent company's financial statements.
- C A copy of the parent company's *audited financial statements* for the most recent completed fiscal year. These financial statements should include the independent certified public accountant's opinion on the statements.
- C Evidence that the parent company has majority control of the licensee's voting stock. Such evidence can include incorporation agreements (i.e., copies of submissions to the appropriate State Corporation Commission), Schedule 22 from the parent company's SEC Form 10-K, or a certified corporate resolution that the licensee and the parent company guarantor are separate and distinct corporate entities and that the parent company controls a majority of the voting stock of the subsidiary. If the parent company does not have majority control of the licensee's voting stock, the licensee should provide details on the parent-subsidiary relationship to NRC for review.

CHECKLIST 13-B

Terms and Conditions Needed in Parent Company Guarantees

Use this checklist only if deviating from the wording recommended in Section 13.4.

- 9 Name and address of guarantor.
- 9 Name and address of licensee.
- 9 Name and address of regulatory agency.
- 9 The following five recitals:
 - (1) The authority of the guarantor to enter into the guarantee;
 - (2) The licensee's regulatory obligations as reason for the parent guarantee;
 - (3) The names, addresses, and license numbers of the facilities for which the guarantee provides financial assurance and the amounts guaranteed for decommissioning activities;
 - (4) Financial test I or II used by guarantor to demonstrate financial strength; and
 - (5) The guarantor's authority to provide the guarantee, such as ownership of the licensee as evidenced by majority control of the voting stock of the licensee.
- 9 Description of the primary obligation (required activities).
- 9 Unequivocal statement of guarantee:
 - 9 1. Recitation of the consideration for the guarantee; and
 - 9 2. Liability of the guarantor:
 - 9 a. Limitation of liability
 - 9 b. Conditions of liability
 - 9 c. Effect on liability of a change in the status of the licensee.
- 9 Statement that guarantor remains bound despite amendment or modification of license, reduction or extension of time of performance of required activities, or any other modification or alteration of an obligation of the licensee.
- 9 Notice requirements.
- 9 Discharge of the guarantor (release of obligations).
- 9 Termination and revocation:
 - 9 1. Termination on occurrence of contingency;
 - 9 2. Voluntary revocation by guarantor; and
 - 9 3. Effective date of termination or revocation.
- 9 Date.
- 9 Signatures.
- 9 Signature of witness or notary (signature block).

- C A *standby trust fund*, although not required under NRC regulations, is recommended for use with parent company guarantees. The standby trust fund should be ready to receive funds from the guarantee. The standby trust fund should satisfy the criteria described in Section 17 and in Checklist 17-A of this regulatory guide.

13.4 MODEL CHIEF EXECUTIVE OFFICER (CEO) LETTER

[Address to U.S. Nuclear Regulatory Commission]

I am the chief executive officer of [insert name and address of licensee], a [insert “proprietorship,” “joint venture,” “partnership,” or “corporation”]. This letter is in support of this firm’s use of the financial test to demonstrate financial assurance, as specified in 10 CFR Part [insert 30, 40, 70, or 72].

I hereby certify that [insert name of licensee] is currently a going concern, and that it possesses positive tangible net worth in the amount of [insert amount].

This firm [insert “is required” or “is not required”] to file a Form 10-K with the U.S. Securities and Exchange Commission for the latest fiscal year. This fiscal year of this firm ends on [insert month and day].

I hereby certify that the content of this letter is true and correct to the best of my knowledge.

[Signature]

[Name]

[Title]

[Date]

13.5 MODEL CHIEF FINANCIAL OFFICER (CFO) LETTER

[Address to U.S. Nuclear Regulatory Commission]

I am the chief financial officer of [insert name and address of parent guarantor], a [insert “proprietorship,” “joint venture,” “partnership,” or “corporation”]. This letter is in support of this firm’s use of the financial test to demonstrate financial assurance, as specified in 10 CFR Part [insert 30, 40, 70, or 72].

[Complete the following paragraph regarding facility(ies) and associated cost estimates or certified amounts. For each facility, include its license number, name, address, and current cost estimates or certified amounts for the specified activities.]

This firm guarantees, through the parent company guarantee submitted to demonstrate compliance under 10 CFR Part [insert 30, 40, 70, or 72], the decommissioning of the following facilities owned or operated by subsidiaries of this firm. The current cost estimates or certified amounts for decommissioning, so guaranteed, are shown for each facility:

<u>Name of Facility</u>	<u>License Number</u>	<u>Location of Facility</u>	<u>Certified Amounts or Current Cost Estimates</u>
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This firm [insert “is required” or “ is not required”] to file a Form 10-K with the U.S. Securities and Exchange Commission for the latest fiscal year.

This fiscal year of this firm ends on [insert month and day]. The figures for the following items marked with an asterisk are derived from this firm’s independently audited, year-end financial statements and footnotes for the latest completed fiscal year, ended [insert date]. A copy of this firm’s most recent financial statements is enclosed.

[Insert completed Financial Test I or II of the parent company.]

I hereby certify that the content of this letter is true and correct to the best of my knowledge.

[Signature]
[Name]
[Title]
[Date]

13.6 PARENT COMPANY GUARANTEE FINANCIAL TEST I

1.	Current decommissioning cost estimates or certified amounts		
a.	Decommissioning amounts covered by this parent company guarantee	\$ _____	
b.	All decommissioning amounts covered by other NRC or Agreement State parent company guarantees or self-guarantees	\$ _____	
c.	All amounts covered by parent company guarantees, self-guarantees, or financial tests of other Federal or State agencies (e.g., EPA)	\$ _____	
	TOTAL		\$ _____
*2.	Total liabilities (if any portion of the cost estimates for decommissioning is included in total liabilities on your firm's financial statements, you may deduct the amount of that portion from this line and add that amount to lines 3 and 4)		\$ _____
*3.	Tangible net worth**		\$ _____
*4.	Net worth		\$ _____
*5.	Current assets		\$ _____
*6.	Current liabilities		\$ _____
*7.	Net working capital (line 5 minus line 6)		\$ _____
*8.	The sum of net income plus depreciation, depletion, and amortization		\$ _____
*9.	Total assets in United States (required only if less than 90 percent of firm's assets are located in the United States)		\$ _____
		<u>Yes</u>	<u>No</u>
10.	Is line 3 at least \$10 million?	_____	_____
11.	Is line 3 at least 6 times line 1?	_____	_____
12.	Is line 7 at least 6 times line 1?	_____	_____
13.	Are at least 90 percent of firms's assets located in the United States? If not, complete line 14.	_____	_____
14.	Is line 9 at least 6 times line 1?	_____	_____

Guarantor must meet two of the following three ratios:

15.	Is line 2 divided by line 4 less than 2.0?	_____	_____
16.	Is line 8 divided by line 2 greater than 0.1?	_____	_____
17.	Is line 5 divided by line 6 greater than 1.5?	_____	_____

* Denotes figures derived from financial statements.

** Tangible net worth is defined as net worth minus goodwill, patents, trademarks, and copyrights.

13.7 PARENT COMPANY GUARANTEE FINANCIAL TEST II

1. Current decommissioning cost estimates or certified amounts
 - a. Decommissioning amounts covered by this parent company guarantee \$_____
 - b. All decommissioning amounts covered by other NRC or Agreement State parent company guarantees or self-guarantees \$_____
 - c. All amounts covered by parent company guarantees, self-guarantees, or financial tests of other Federal or State agencies (e.g., EPA) \$_____
 - TOTAL \$_____
 2. Current bond rating of most recent unsecured issuance of this firm
 Rating _____
 Name of rating service _____
 3. Date of issuance of bond _____
 4. Date of maturity of bond _____
 - *5. Tangible net worth** (if any portion of estimates for decommissioning is included in total liabilities on your firm's financial statements, you may add the amount of that portion to this line) \$_____
 - *6. Total assets in United States (required only if less than 90 percent of firm's assets are located in the United States) \$_____
- | | <u>Yes</u> | <u>No</u> |
|---|------------|-----------|
| 7. Is line 5 at least \$10 million? | _____ | _____ |
| 8. Is line 5 at least 6 times line 1? | _____ | _____ |
| 9. Are at least 90 percent of firm's assets located in the United States? If not, complete line 10. | _____ | _____ |
| 10. Is line 6 at least 6 times line 1? | _____ | _____ |
| 11. Is the rating specified on line 2 BBB or better (if issued by Standard & Poor's) or Baa or better (if issued by Moody's)? | _____ | _____ |

* Denotes figures derived from financial statements.

** Tangible net worth is defined as net worth minus goodwill, patents, trademarks, and copyrights.

13.8 MODEL CONFIRMATION OF CHIEF FINANCIAL OFFICER'S LETTER

We have examined the financial statements of [insert name of parent guarantor] for the year ended [insert date], and have issued our report thereon dated [insert date]. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary.

[Insert name of parent guarantor] has prepared documents to demonstrate its financial responsibility under the NRC's financial assurance regulations, 10 CFR Part [insert 30, 40, 70, or 72]. This letter is furnished to assist the licensee [insert name and NRC license number] in complying with these regulations and should not be used for other purposes.

The attached schedule reconciles the specified information furnished in the chief financial officer's (CFO's) letter in response to the regulations with the company's financial statements. In connection therewith, we have

1. Confirmed that the amounts in the column "Per Financial Statements" agree with amounts contained in the company's financial statements for the year ended [insert date];
2. Confirmed that the amounts in the column "Per CFO's Letter" agree with the letter prepared in response to the NRC's request;
3. Confirmed that the amounts, if any, in the column "Reconciling Items" are adequately explained in the attached schedule, that each reconciling item represents an appropriate adjustment to the financial data, and that the amount of each reconciling item is accurate; and
4. Recomputed the totals and percentages.

Because the procedures in 1-4 above do not constitute a full examination made in accordance with generally accepted auditing standards, we do not express an opinion on the manner in which the amounts were derived in the items referred to above. In connection with the procedures referred to above, no matters came to our attention that cause us to believe that the chief financial officer's letter and supporting information should be adjusted.

Signature

Date

**13.9 MODEL OF SCHEDULE RECONCILING AMOUNTS
CONTAINED IN CHIEF FINANCIAL OFFICER'S LETTER
WITH AMOUNTS IN FINANCIAL STATEMENTS**

XYZ COMPANY

YEAR ENDED DECEMBER 31, 19XX

<u>Line Number in Section 13.6 Financial Test I</u>	<u>Per Financial Statements</u>	<u>Recon- ciling Items</u>	<u>Per CFO's Letter</u>
6	Total current liabilities	X	
	Long-term debt	X	
	Deferred income taxes	<u>X</u>	
		XXX	
	Accrued decommissioning costs included in current liabilities		X
	Total liabilities (less accrued decommissioning costs)		X
4	Net worth	XX	
	Less: Cost in excess of value of tangible assets acquired	<u>X</u>	
		X	
	Accrued decommissioning costs included in current liabilities		X
	Tangible net worth (plus decommissioning costs)		XX

(Balance of schedule is not illustrated.)

This illustrates the form of schedule that is contemplated. Details and reconciling items will differ in specific situations.

13.10 MODEL PARENT COMPANY GUARANTEE

Guarantee made this [insert date] by [insert name of guaranteeing entity], a [insert “proprietorship,” “joint venture,” “partnership,” or “corporation”] organized under the laws of the State of [insert name of State], herein referred to as “guarantor,” to the U.S. Nuclear Regulatory Commission (NRC), obligee, on behalf of our subsidiary [insert name of licensee], of [insert business address].

Recitals

1. The guarantor has full authority and capacity to enter into this guarantee [if the guarantor is a corporation, insert the following: “under its bylaws, articles of incorporation, and the laws of the State of [insert guarantor’s State of incorporation], its State of incorporation.”] [If the guarantor has a Board of Directors, insert the following: “Guarantor has approval from its Board of Directors to enter into this guarantee.”]
2. This guarantee is being issued to comply with regulations issued by the NRC, an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974. NRC has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part [insert 30, 40, 70, or 72] which require that a holder of, or an applicant for, a materials license issued pursuant to 10 CFR Part [insert 30, 40, 70, or 72] provide assurance that funds will be available when needed for required decommissioning activities.
3. The guarantee is issued to provide financial assurance for decommissioning activities for [identify name and address of licensed facility(ies) and corresponding NRC license number(s)] as required by 10 CFR Part [insert 30, 40, 70, or 72]. The decommissioning costs for these activities are as follows: [insert amount of decommissioning costs guaranteed for each identified facility].
4. The guarantor meets or exceeds the following financial test criteria [insert statement indicating which financial test is being used] and agrees to comply with all notification requirements as specified in 10 CFR Part [insert 30, 40, 70, or 72] and Appendix A to 10 CFR Part 30.

The guarantor meets one of the following two financial tests:

- (a)(i) Two of the following three ratios: a ratio of total liabilities to net worth less than 2.0; a ratio of the sum of net income plus depreciation, depletion, and amortization to total liabilities greater than 0.1; and a ratio of current assets to current liabilities greater than 1.5; and
- (a)(ii) Net working capital and tangible net worth each at least six times the costs covered by financial tests; and
- (a)(iii) Tangible net worth of at least \$10 million; and

- (a)(iv) Assets located in the United States amounting to at least 90 percent of total assets or at least six times the costs covered by financial tests.

OR

- (b)(i) A current rating for its most recent bond issuance of AAA, AA, A, or BBB as issued by Standard & Poor's, or Aaa, Aa, A or Baa as issued by Moody's; and
 - (b)(ii) Tangible net worth at least six times the costs covered by financial tests; and
 - (b)(iii) Tangible net worth of at least \$10 million; and
 - (b)(iv) Assets located in the United States amounting to at least 90 percent of total assets or at least six times the costs covered by financial tests.
- 5. The guarantor has majority control of the voting stock for the following licensees covered by this guarantee: [List for each licensee: name, address, the facilities owned or operated by each licensee, and the corresponding license numbers.]
 - 6. Decommissioning activities as used below refer to the activities required by 10 CFR Part [insert 30, 40, 70, or 72] for decommissioning of the facilities identified above.
 - 7. For value received from [insert name of licensee], and pursuant to the guarantor's authority to enter into this guarantee, the guarantor guarantees to the NRC that if the licensee fails to perform the required decommissioning activities, as required by License No. [insert license number], the guarantor shall
 - (a) carry out the required activities, or
 - (b) set up a trust fund in favor of the above identified beneficiary in the amount of the current cost estimates for these activities.
 - 8. The guarantor agrees to submit revised financial statements, financial test data, and a special auditor's report and reconciling schedule annually within 90 days of the close of the parent guarantor's fiscal year.
 - 9. The guarantor agrees that if, at the end of any fiscal year before termination of this guarantee, it fails to meet the financial test criteria, the licensee shall send within 90 days of the end of the fiscal year, by certified mail, notice to the NRC that the licensee intends to provide alternative financial assurance as specified in 10 CFR Part [insert 30, 40, 70, or 72]. Within 120 days after the end of the fiscal year, the guarantor shall establish such financial assurance if the [insert name of licensee] has not done so.
 - 10. The guarantor also agrees to notify the beneficiary promptly if the ownership of the licensee or the parent firm is transferred and to maintain this guarantee until the new parent firm or the licensee provides alternative financial assurance acceptable to the beneficiary.

11. The guarantor agrees that if it determines, at any time other than as described in Recital 9, that it no longer meets the financial test criteria or it is disallowed from continuing as a guarantor, it shall establish alternative financial assurance as specified in 10 CFR Part 30, 40, 70, or 72, as applicable, within 30 days, in the name of [insert name of licensee] unless [insert name of licensee] has done so.
12. The guarantor as well as its successors and assigns agree to remain bound jointly and severally under this guarantee notwithstanding any or all of the following: amendment or modification of license or NRC-approved decommissioning funding plan for that facility, the extension or reduction of the time of performance of required activities, or any other modification or alteration of an obligation of the licensee pursuant to 10 CFR Part [insert 30, 40, 70, or 72].
13. The guarantor agrees that all bound parties shall be jointly and severally liable for all litigation costs incurred by the beneficiary, NRC, in any successful effort to enforce the agreement against the guarantor.
14. The guarantor agrees to remain bound under this guarantee for as long as [insert name of licensee] must comply with the applicable financial assurance requirements of 10 CFR Part [insert 30, 40, 70, or 72], for the previously listed facilities, except that the guarantor may cancel this guarantee by sending notice by certified mail to the NRC and to [insert name of licensee], such cancellation to become effective no earlier than 120 days after receipt of such notice by both the NRC and [insert name of licensee] as evidenced by the return receipts.
15. The guarantor agrees that if [insert name of licensee] fails to provide alternative financial assurance as specified in 10 CFR Part [insert 30, 40, 70, or 72], as applicable, and obtain written approval of such assurance from the NRC within 90 days after a notice of cancellation by the guarantor is received by both the NRC and [insert name of licensee] from the guarantor, the guarantor shall provide such alternative financial assurance in the name of [insert name of licensee] or make full payment under the guarantee.
16. The guarantor expressly waives notice of acceptance of this guarantee by the NRC or by [insert name of licensee]. The guarantor also expressly waives notice of amendments or modification of the decommissioning requirements and of amendments or modification of the license.
17. If the guarantor files financial reports with the U.S. Securities and Exchange Commission, then it shall promptly submit them to the NRC during each year in which this guarantee is in effect.

I hereby certify that this guarantee is true and correct to the best of my knowledge.

Effective date: _____
 [Name of guarantor]
 [Authorized signature for guarantor]

[Name of person signing]
 [Title of person signing]
 Signature of witness or notary _____

14. SELF-GUARANTEES

A *self-guarantee* is a guarantee by a licensee itself that it will fund and carry out decommissioning activities. The licensee must annually pass (within 90 days after the close of each succeeding fiscal year) the applicable financial test specified in Appendix C, D, or E to 10 CFR Part 30 to demonstrate that it has adequate financial strength to provide the guarantee. The financial test alternatives consider accounting ratios, net worth, assets, operating revenues, and bond rating data relative to fixed criteria. Also, the licensee's financial statements must have been prepared in accordance with generally accepted accounting principles applicable to the United States, and an independent certified public accountant must have verified the accuracy of the financial test data relative to the audited financial statements. A self-guarantee may not be used in combination with other financial assurance mechanisms, and may not be used in cases where a licensee has a parent company holding majority control of its voting stock.

NRC's regulations for self-guarantees apply to three general categories of licensees:

- C *Commercial companies that issue bonds.* Self-guarantees by these licensees are regulated under Appendix C to 10 CFR Part 30.
- C *Commercial companies that do not issue bonds.* Self-guarantees by these licensees are regulated under Appendix D to 10 CFR Part 30.
- C *Non-profit colleges, universities, and hospitals.* Self-guarantees by these licensees are regulated under Appendix E to 10 CFR Part 30.

A self-guarantee must remain in force unless the licensee sends notice of cancellation by certified mail to NRC. For a commercial licensee that issues bonds, this notice must be sent at least 120 days in advance (as evidenced by the return receipts). For a commercial licensee that does not issue bonds or a non-profit college, university, or hospital, the guarantee may not be canceled until an alternative financial assurance mechanism is in place. However, in all cases, a self-guarantee may be used only as long as the licensee meets the financial test criteria. If the licensee no longer passes the financial test, it must provide alternative financial assurance.

Finally, the licensee must provide a written guarantee stating that it will fund and carry out the required decommissioning activities or, upon issuance of an order by NRC, will set up and fund a trust in the amount of the current decommissioning cost estimates or certified amounts.

The remainder of this section discusses the primary criteria that determine whether particular self-guarantee submissions will be acceptable to NRC.

- C Section 14.1 describes qualifications required of the issuer.
- C Section 14.2 addresses the adequacy of coverage.
- C Section 14.3 discusses the documentation that supports a self-guarantee.

- C Section 14.4 presents a model self-guarantee that NRC has found to be acceptable.

This section also contains two checklists designed to assist licensees in preparing acceptable self-guarantees. Checklist 14-A summarizes the primary criteria used by NRC to evaluate self-guarantees. Checklist 14-B (which should be used only by licensees that revise or do not use the model wording for self-guarantees) presents terms and conditions that are recommended for self-guarantees.

14.1 QUALIFICATIONS OF THE ISSUER

As noted above, a licensee using a self-guarantee to provide financial assurance for decommissioning must *not* have a parent company holding majority control of its voting stock.²⁷ To qualify to provide the guarantee, the licensee also must meet the applicable financial test specified in Appendix C, D or E to 10 CFR Part 30 (shown in the boxes below).

- C The financial test specified in Appendix C pertains to commercial companies that issue bonds.
- C The financial test specified in Appendix D pertains to commercial companies that do not issue bonds.
- C The financial tests specified in Appendix E pertain to non-profit colleges, universities, and hospitals.

Licensees without an actual bond rating may still use the financial tests involving bond ratings by securing a so-called “indicative” bond rating from either Standard & Poor’s or Moody’s. Indicative bond ratings, which are available for a fee, are for information only and are provided as an indication of what a rating would be if the firm were to issue debt. A licensee seeking to use an indicative bond rating should submit the rating and name of the rating service as part of the financial test demonstration. The licensee, however, would not be able to provide NRC with information on the dates of issuance and maturity of the bond, nor would it be able to certify that the rating pertained to its “most recent bond issuance.” Rather, the licensee would need to explain that the rating was an indicative rating. The licensee would also need to update the indicative rating every year as it repeats the passage of the financial test.

14.2 LEVEL OF COVERAGE

A self-guarantee must be in an amount that is at least equal to the licensee’s certification amount or estimated cost of decommissioning. If the licensee’s certification amount or estimated decommissioning cost increases to a level above the amount assured by the self-guarantee, the licensee must revise the guarantee to assure the higher amount

²⁷ See 10 CFR 30.35(f)(2), 40.36(e)(2), 70.25(f)(2), and 72.30(c)(2).

CHECKLIST 14-A

SELF-GUARANTEES

- 9 Documentation is complete:
 - 9 1. Self-guarantee agreement (originally signed duplicate)
 - 9 2. Letter from chief executive officer or chief financial officer of licensee, including applicable self-guarantee financial test
 - 9 3. Auditor's special report confirming CEO or CFO letter and reconciling amounts in the CEO or CFO letter with licensee's financial statements
 - 9 4. Licensee's audited financial statements for the most recent fiscal year, including the auditor's opinion on the financial statements
 - 9 5. Checklist 14-B (if model self-guarantee wording is modified or not used)
- 9 The licensee does not have a parent company holding majority control of its voting stock.
- 9 The amount of the self-guarantee equals or exceeds the required coverage level.

(or must replace the guarantee with a different financial assurance mechanism that is in the amount of the new coverage level).²⁸

14.3 RECOMMENDED DOCUMENTATION

The terms and conditions of a self-guarantee are governed by a written guarantee agreement. The wording of a self-guarantee agreement may vary, but Section 14.4 of this regulatory guide is a model self-guarantee agreement that would meet NRC's requirements and is recommended by NRC. Other documentation that is to be submitted with a self-guarantee includes the following and is summarized in Checklist 14-A²⁹

- C The *guarantee agreement* is the written document that specifies the terms and conditions of the self-guarantee. The wording contained in the model guarantee presented in Section 14.4 is acceptable to NRC. Licensees who use other wording should refer to Checklist 14-B to be sure that the alternative wording contains all the necessary terms and conditions.

²⁸ Because a self-guarantee may not be used in combination with any other financial assurance mechanism, licensees do not have the option of obtaining another mechanism to make up differences between increased coverage levels and guaranteed amounts.

²⁹ Supporting documentation may differ for licensees who submit self-guarantees that differ from the recommended model.

Financial Test for Commercial Companies that Issue Bonds

The licensee must have:

- (i) Tangible net worth at least 10 times the current decommissioning cost estimates (or prescribed amount if a certification is used) for all decommissioning activities for which the company is responsible as a self-guaranteeing licensee and as a parent-guarantor;
- (ii) Assets located in the United States amounting to at least 90 percent of total assets or at least 10 times the current decommissioning cost estimates (or prescribed amount if a certification is used) for all decommissioning activities for which the company is responsible as a self-guaranteeing licensee and as a parent-guarantor; and
- (iii) A current rating for its most recent bond issuance of AAA, AA, or A as issued by Standard & Poor's, or Aaa, Aa, or A as issued by Moody's.

(**Note:** In order to pass the financial test, a commercial licensee that issues bonds also must have at least one class of equity securities registered under the Securities Exchange Act of 1934.)

Financial Test for Commercial Companies that Do Not Issue Bonds

The licensee must have:

- (i) Tangible net worth greater than \$10 million, or at least 10 times the current decommissioning cost estimates (or prescribed amount if a certification is used), whichever is greater, for all decommissioning activities for which the company is responsible as a self-guaranteeing licensee and as a parent-guarantor;
- (ii) Assets located in the United States amounting to at least 90 percent of total assets or at least 10 times the current decommissioning cost estimates (or prescribed amount if a certification is used) for all decommissioning activities for which the company is responsible as a self-guaranteeing licensee and as a parent-guarantor; and
- (iii) A ratio of cash flow divided by total liabilities greater than 0.15 and a ratio of total liabilities divided by net worth less than 1.5.

Financial Test for Non-Profit Colleges and Universities that Issue Bonds

The licensee must have a current rating for its most recent uninsured, uncollateralized, and unencumbered bond issuance of AAA, AA, or A as issued by Standard & Poor's, or Aaa, Aa, or A as issued by Moody's.

(**Note:** An "uninsured, uncollateralized, and unencumbered" bond issuance is one that is backed only by the issuer's full faith and credit. Such issuances are not guaranteed by a bond insurance company or backed by collateral, a letter of credit, claims on a specific revenue source, or any other property or credit.)

Financial Test for Non-Profit Colleges and Universities that Do Not Issue Bonds

The licensee must have unrestricted endowment consisting of assets located in the United States of at least \$50 million, or at least 30 times the current decommissioning cost estimates (or prescribed amount if a certification is used), whichever is greater, for all decommissioning activities for which the college or university is responsible as a self-guaranteeing licensee.

Financial Test for Non-Profit Hospitals that Issue Bonds

The licensee must have a current rating for its most recent uninsured, uncollateralized, and unencumbered bond issuance of AAA, AA, or A as issued by Standard & Poor's, or Aaa, Aa, or A as issued by Moody's.

(**Note:** An "uninsured, uncollateralized, and unencumbered" bond issuance is one that is backed only by the issuer's full faith and credit. Such issuances are not guaranteed by a bond insurance company or backed by collateral, a letter of credit, claims on a specific revenue source, or any other property or credit.)

Financial Test for Non-Profit Hospitals that Do Not Issue Bonds

The licensee must have:

- (i) (Total revenues less total expenditures) divided by total revenues must be equal to or greater than 0.04; and
- (ii) Long-term debt divided by net fixed assets must be less than or equal to 0.67; and
- (iii) (Current assets and depreciation fund) divided by current liabilities must be greater than or equal to 2.55; and
- (iv) Operating revenues must be at least 100 times the current decommissioning cost estimates (or prescribed amount if a certification is used) for all decommissioning activities for which the hospital is responsible as a self-guaranteeing licensee.

- C . The *chief executive officer (CEO) or chief financial officer (CFO) letter* is a letter from either the CEO or CFO of the licensee that (1) identifies the names, addresses, license numbers, and estimated decommissioning costs of the facilities covered by the guarantee, (2) certifies that the licensee is a going concern, (3) identifies the amount of the licensee's tangible net worth, (4) specifies whether the licensee is required to file a Form 10-K with the U.S. Securities and Exchange Commission, (5) lists the date on which the licensee's fiscal year ends, and (6) demonstrates the licensee's ability to pass the applicable financial test specified in Appendix C, D, or E to 10 CFR Part 30. The licensee must pass the financial test for all costs covered by a financial test. These include costs covered by (1) the self-guarantee, (2) other NRC or Agreement State parent company guarantees or self-guarantees, and (3) parent company guarantees, self-guarantees, or financial tests of other Federal or State agencies (e.g., EPA).
- C The *auditor's special report* is a report from the licensee's independent certified public accountant that compares the data used by the licensee in the financial test demonstration with the amounts in its annual financial statements. If needed, this report may also include a *schedule attachment* reconciling the financial test numbers with amounts in the licensee's financial statements.
- C A copy of the licensee's *audited financial statements* for the most recently completed fiscal year. These financial statements should include the independent certified public accountant's opinion on the statements.

CHECKLIST 14-B

Terms and Conditions Needed in Self-Guarantees

Use this checklist only if deviating from the wording recommended in Section 14.4.

- 9 Name and address of self-guarantor (licensee).
- 9 Name and address of regulatory agency.
- 9 The following four recitals:
 - (1) The authority of the self-guarantor to enter into the guarantee;
 - (2) A statement of the licensee's regulatory obligations as reason for the self-guarantee;
 - (3) Identification of the facility(ies) (name, address, and license number) for which the guarantee provides financial assurance and the amounts guaranteed for decommissioning activities; and
 - (4) Identification of financial test used by self-guarantor to demonstrate financial strength.
- 9 Description of the primary obligation (required activities).
- 9 Unequivocal statement of guarantee:
 - 9 1. Condition(s) of liability; and
 - 9 2. Effect on liability of a change in the status of the licensee.
- 9 Statement that self-guarantor remains bound despite amendment or modification of license, reduction or extension of time of performance of required activities, or any other modification or alteration of an obligation of the licensee.
- 9 Notice requirements.
- 9 Discharge of the self-guarantor (release of obligations).
- 9 Termination and revocation:
 - 9 1. Termination on occurrence of contingency;
 - 9 2. Voluntary revocation by self-guarantor; and
 - 9 3. Effective date of termination or revocation.
- 9 Date.
- 9 Signatures.
- 9 Signature of witness or notary (signature block).

14.4 MODEL SELF-GUARANTEE AND FINANCIAL TEST

CHIEF EXECUTIVE OFFICER OR CHIEF FINANCIAL OFFICER LETTER (MODEL)

[Address to U.S. Nuclear Regulatory Commission]

I am the [insert “chief executive officer” or “chief financial officer”] of [insert name and address of licensee], a [insert “proprietorship,” “joint venture,” “partnership,” “corporation,” “non-profit college,” “non-profit university,” or “non-profit hospital”]. This letter is in support of this firm’s use of the self-guarantee financial test to demonstrate financial assurance, as specified in 10 CFR Part [insert 30, 40, 70, or 72]. This firm has no parent company holding majority control of its voting stock.

[Complete the following paragraph regarding facilities and associated cost estimates or certified amounts. For each facility, include its license number, name, address, and current cost estimates or certified amounts for the specified activities.]

This firm guarantees, through the self-guarantee submitted to demonstrate compliance under 10 CFR Part [insert 30, 40, 70, or 72], the decommissioning of the following facilities owned or operated by this firm. The current cost estimates or certified amounts for decommissioning, so guaranteed, are shown for each facility:

<u>Name of Facility</u>	<u>License Number</u>	<u>Location of Facility</u>	<u>Certified Amounts or Current Cost Estimates</u>
-----------------------------	---------------------------	---------------------------------	--

I hereby certify that [insert name of licensee] is currently a going concern, and that it possesses positive tangible net worth in the amount of [insert amount].

This fiscal year of this firm ends on [insert month and day]. The figures for the following items marked with an asterisk are derived from this firm’s independently audited, year-end financial statements and footnotes for the latest completed fiscal year, ended [insert date]. A copy of this firm’s most recent financial statements is enclosed.

This firm [insert “is required” or “is not required”] to file a Form 10-K with the U.S. Securities and Exchange Commission for the latest fiscal year. [If the licensee is a commercial company that issues bonds, insert the following: “This firm has at least one class of equity securities registered under the Securities Exchange Act of 1934.”]

This firm satisfies the following self-guarantee test:

[Insert completed demonstration of the applicable self-guarantee financial test.]

I hereby certify that the content of this letter is true and correct to the best of my knowledge.

[Signature]
[Name] [Title]
[Date]

**14.5 MODEL SELF-GUARANTEE FINANCIAL TEST
FOR COMMERCIAL COMPANIES THAT ISSUE BONDS
(10 CFR Part 30, Appendix C)**

1. Current decommissioning cost estimates or certified amounts
 - a. Decommissioning amounts covered by this self-guarantee \$ _____
 - b. All decommissioning amounts covered by other NRC or Agreement State parent company guarantees or self-guarantees \$ _____
 - c. All amounts covered by parent company guarantees, self-guarantees, or financial tests of other Federal or State agencies (e.g., EPA) \$ _____
 - TOTAL \$ _____
 2. Current bond rating of most recent unsecured issuance of this firm
Rating _____
Name of rating service _____
 3. Date of issuance of bond _____
 4. Date of maturity of bond _____
 - *5. Tangible net worth** (if any portion of estimates for decommissioning is included in total liabilities on your firm's financial statements, you may add the amount of that portion to this line) \$ _____
 - *6. Total assets in United States (required only if less than 90 percent of firm's assets are located in the United States) \$ _____
- | | <u>Yes</u> | <u>No</u> |
|--|------------|-----------|
| 7. Is line 5 at least 10 times line 1? | _____ | _____ |
| 8. Are at least 90 percent of firm's assets located in the United States? If not, complete line 9. | _____ | _____ |
| 9. Is line 6 at least 10 times line 1? | _____ | _____ |
| 10. Is the rating specified on line 2 A or better? | _____ | _____ |
| 11. Does the licensee have at least one class of equity securities registered under the Securities Exchange Act of 1934? | _____ | _____ |

* Denotes figures derived from financial statements.

** Tangible net worth is defined as net worth minus goodwill, patents, trademarks, and copyrights.

**14.6 MODEL SELF-GUARANTEE FINANCIAL TEST
FOR COMMERCIAL COMPANIES THAT DO NOT ISSUE BONDS
(10 CFR Part 30, Appendix D)**

1.	Current decommissioning cost estimates or certified amounts		
a.	Decommissioning amounts covered by this self-guarantee	\$	
b.	All decommissioning amounts covered by other NRC or Agreement State parent company guarantees or self-guarantees	\$	
c.	All amounts covered by parent company guarantees, self-guarantees, or financial tests of other Federal or State agencies (e.g., EPA)	\$	
	TOTAL		\$
*2.	Total liabilities (if any portion of the cost estimates for decommissioning is included in total liabilities on your firm's financial statements, you may deduct the amount of that portion from this line and add that amount to lines 3 and 4)		\$
*3.	Tangible net worth**		\$
*4.	Net worth		\$
*5.	The sum of net income plus depreciation, depletion, and amortization		\$
*6.	Total assets in United States (required only if less than 90 percent of firm's assets are located in the United States)		\$
		<u>Yes</u>	<u>No</u>
7.	Is line 3 greater than \$10 million, or at least 10 times line 1, whichever is greater?	___	___
8.	Are at least 90 percent of the firms's assets located in the United States? If not, complete line 9.	___	___
9.	Is line 6 at least 10 times line 1?	___	___
10.	Is line 5 divided by line 2 greater than 0.15?	___	___
11.	Is line 2 divided by line 4 less than 1.5?	___	___

* Denotes figures derived from financial statements.

** Tangible net worth is defined as net worth minus goodwill, patents, trademarks, and copyrights.

1.	Current bond rating of most recent uninsured, uncollateralized, and unencumbered issuance of this institution		
	Rating _____		
	Name of rating service _____		
2.	Date of issuance of bond _____		
3.	Date of maturity of bond _____		
		<u>Yes</u>	<u>No</u>
4.	Is the rating specified on line 1 A or better?	_____	_____

1.	Current decommissioning cost estimates or certified amounts		
a.	Decommissioning amounts covered by this self-guarantee	\$ _____	
b.	All decommissioning amounts covered by other NRC or Agreement State self-guarantees	\$ _____	
c.	All amounts covered by self-guarantees or financial tests of other Federal or State agencies (e.g., EPA)	\$ _____	
	TOTAL		\$ _____
*2.	Total assets in United States in unrestricted endowment		\$ _____
		<u>Yes</u>	<u>No</u>
3.	Is line 2 at least \$50 million, or at least 30 times line 1, whichever is greater?	_____	_____

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**14.9 MODEL SELF-GUARANTEE FINANCIAL TEST
FOR NONPROFIT HOSPITALS THAT ISSUE BONDS
(10 CFR Part 30, Appendix E)**

1. Current bond rating of most recent uninsured, uncollateralized, and unencumbered issuance of this institution

Rating _____

Name of rating service _____

2. Date of issuance of bond _____

3. Date of maturity of bond _____

Yes No

4. Is the rating specified on line 1 A or better?

**14.10 MODEL SELF-GUARANTEE FINANCIAL TEST
FOR NONPROFIT HOSPITALS THAT DO NOT ISSUE BONDS
(10 CFR Part 30, Appendix E)**

1.	Current decommissioning cost estimates or certified amounts			
	a. Decommissioning amounts covered by this self-guarantee	\$ _____		
	b. All decommissioning amounts covered by other NRC or Agreement State self-guarantees	\$ _____		
	c. All amounts covered by self-guarantees or financial tests of other Federal or State agencies (e.g., EPA)	\$ _____		
	TOTAL			\$ _____
*2.	Total revenues			\$ _____
*3.	Operating revenues			
*4.	Total expenditures			\$ _____
*5.	Long-term debt			\$ _____
*6.	Net fixed assets			\$ _____
*7.	Current assets			\$ _____
*8.	Depreciation fund			\$ _____
*9.	Current liabilities			\$ _____
			<u>Yes</u>	<u>No</u>
10.	Is line 3 at least 100 times line 1?	_____	_____	
<u>Guarantor must meet each of the following ratios:</u>				
11.	Is (line 2 minus line 4) divided by line 2 at least 0.04?	_____	_____	
12.	Is line 5 divided by line 6 less than or equal to 0.67?	_____	_____	
13.	Is (line 7 plus line 8) divided by line 9 at least 2.55?	_____	_____	

* Denotes figures derived from financial statements.

14.11 MODEL CONFIRMATION OF LETTER FROM
[Insert “CHIEF EXECUTIVE OFFICER” or “CHIEF FINANCIAL OFFICER”]

We have examined the financial statements of [insert name of self-guarantor] for the year ended [insert date], and have issued our report thereon dated [insert date]. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary.

[Insert name of self-guarantor] has prepared documents to demonstrate its financial responsibility under the NRC’s financial assurance regulations, 10 CFR Part [insert 30, 40, 70, or 72]. This letter is furnished to assist the licensee [insert name and NRC license number] in complying with these regulations and should not be used for other purposes.

The attached schedule reconciles the specified information furnished in the [insert “chief executive officer’s (CEO’s)” or “chief financial officer’s (CFO’s)”] letter in response to the regulations with the [insert “company’s” or “institution’s”] financial statements. In connection therewith, we have

1. Confirmed that the amounts in the column “Per Financial Statements” agree with amounts contained in the [insert “company’s” or “institution’s”] financial statements for the year ended [insert date];
2. Confirmed that the amounts in the column “Per [insert “CEO’s” or “CFO’s”] Letter” agree with the letter prepared in response to the NRC’s request;
3. Confirmed that the amounts, if any, in the column “Reconciling Items” are adequately explained in the attached schedule, that each reconciling item represents an appropriate adjustment to the financial data, and that the amount of each reconciling item is accurate; and
4. Recomputed the totals and percentages.

Because the procedures in 1-4 above do not constitute a full examination made in accordance with generally accepted auditing standards, we do not express an opinion on the manner in which the amounts were derived in the items referred to above. In connection with the procedures referred to above, no matters came to our attention that cause us to believe that the [insert “chief executive officer’s” or “chief financial officer’s”] letter and supporting information should be adjusted.

Signature

Date

**14.12 MODEL SCHEDULE FOR RECONCILING AMOUNTS
CONTAINED IN CHIEF EXECUTIVE OFFICER'S OR
CHIEF FINANCIAL OFFICER'S LETTER
WITH AMOUNTS IN FINANCIAL STATEMENTS**

XYZ COMPANY

YEAR ENDED DECEMBER 31, 19XX

<u>Line Number in CEO's or CFO's Letter</u>	<u>Per Financial Statements</u>	<u>Recon- ciling Items</u>	<u>Per CEO's or CFO's Letter</u>
	Net worth	XX	
	Less: Cost in excess of value of tangible assets acquired	$\frac{X}{X}$	
	Accrued decommissioning costs included in current liabilities	X	
5	Tangible net worth (plus decommissioning costs)	X	

(Balance of schedule is not illustrated.)

This illustrates the form of schedule that is contemplated. Details and reconciling items will differ in specific situations.

14.13 MODEL SELF-GUARANTEE

Guarantee made this [insert date] by [insert name of self-guaranteeing entity], a [insert “proprietorship,” “joint venture,” “partnership,” “corporation,” “non-profit college,” “non-profit university,” or “non-profit hospital”] organized under the laws of the State of [insert name of State], herein referred to as “guarantor,” to the U.S. Nuclear Regulatory Commission (NRC), obligee, on behalf of ourselves as licensee.

Recitals

1. The guarantor has full authority and capacity to enter into this self-guarantee [if the guarantor is a corporation, insert the following: “under its bylaws, articles of incorporation, and the laws of the State of [insert guarantor’s State of incorporation], its State of incorporation.”] [If the guarantor has a Board of Directors, insert the following: “Guarantor has approval from its Board of Directors to enter into this self-guarantee.”]
2. This self-guarantee is being issued to comply with regulations issued by the NRC, an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974. NRC has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part [insert 30, 40, 70, or 72], which require that a holder of, or an applicant for, a materials license issued pursuant to 10 CFR Part [insert 30, 40, 70, or 72] provide assurance that funds will be available when needed for required decommissioning activities.
3. The self-guarantee is issued to provide financial assurance for decommissioning activities for [identify name and address of licensed facilities and corresponding NRC license numbers] as required by 10 CFR Part [insert 30, 40, 70, or 72]. The decommissioning costs for these activities are as follows: [insert amount of decommissioning costs guaranteed for each identified facility].
4. The guarantor meets or exceeds the following financial test criteria [insert statement indicating which financial test is being used] and agrees to comply with all notification requirements as specified in 10 CFR Part [insert 30, 40, 70, or 72] and Appendix [insert C, D, or E] to 10 CFR Part 30.

The guarantor meets the following self-guarantee test:

[If the guarantor is a commercial company that issues bonds, insert the following test]

- (a) Tangible net worth at least 10 times the current decommissioning cost estimates (or prescribed amount if a certification is used) for all decommissioning activities for which the company is responsible as a self-guaranteeing licensee and as a parent-guarantor; and
- (b) Assets located in the United States amounting to at least 90 percent of total assets or at least 10 times the current decommissioning cost estimates (or prescribed amount if

a certification is used) for all decommissioning activities for which the company is responsible as a self-guaranteeing licensee and as a parent-guarantor; and

- (c) At least one class of equity securities registered under the Securities Exchange Act of 1934; and
- (d) A current rating for its most recent bond issuance of AAA, AA, or A as issued by Standard & Poor's, or Aaa, Aa, or A as issued by Moody's.

[If the guarantor is a commercial company that does not issue bonds, insert the following test]

- (a) Tangible net worth greater than \$10 million, or at least 10 times the current decommissioning cost estimates (or prescribed amount if a certification is used), whichever is greater, for all decommissioning activities for which the company is responsible as a self-guaranteeing licensee and as a parent-guarantor; and
- (b) Assets located in the United States amounting to at least 90 percent of total assets or at least 10 times the current decommissioning cost estimates (or prescribed amount if a certification is used) for all decommissioning activities for which the company is responsible as a self-guaranteeing licensee and as a parent-guarantor; and
- (c) A ratio of cash flow divided by total liabilities greater than 0.15 and a ratio of total liabilities divided by net worth less than 1.5.

[If the guarantor is a non-profit college or university that issues bonds, insert the following test]

- (a) A current rating for its most recent uninsured, uncollateralized, and unencumbered bond issuance of AAA, AA, or A as issued by Standard & Poor's, or Aaa, Aa, or A as issued by Moody's.

[If the guarantor is a non-profit college or university that does not issue bonds, insert the following test]

- (a) Unrestricted endowment consisting of assets located in the United States of at least \$50 million, or at least 30 times the current decommissioning cost estimates (or prescribed amount if a certification is used), whichever is greater, for all decommissioning activities for which the college or university is responsible as a self-guaranteeing licensee.

If the guarantor is a nonprofit hospital that issues bonds, insert the following test]

- (a) A current rating for its most recent uninsured, uncollateralized, and unencumbered bond issuance of AAA, AA, or A as issued by Standard & Poor's, or Aaa, Aa, or A as issued by Moody's.

[If the guarantor is a nonprofit hospital that does not issue bonds, insert the following test]

- (a) (Total revenues less total expenditures) divided by total revenues must be equal to or greater than 0.04; and
 - (b) Long-term debt divided by net fixed assets must be less than or equal to 0.67; and
 - (c) (Current assets and depreciation fund) divided by current liabilities must be greater than or equal to 2.55; and
 - (d) Operating revenues must be at least 100 times the current decommissioning cost estimates (or prescribed amount if a certification is used) for all decommissioning activities for which the hospital is responsible as a self-guaranteeing licensee.
5. The guarantor does not have a parent company holding majority control of its voting stock.
6. Decommissioning activities as used below refer to the activities required by 10 CFR Part [insert 30, 40, 70, or 72] for decommissioning of the facilities identified above.
7. Pursuant to the guarantor's authority to enter into this guarantee, the guarantor guarantees to the NRC that the guarantor shall
- (a) carry out the required decommissioning activities, as required by License No. [insert license number] or
 - (b) set up a trust fund in favor of the above identified beneficiary in the amount of the current cost estimates for these activities.
8. The guarantor agrees to submit revised financial statements, financial test data, and a special auditor's report and reconciling schedule annually within 90 days of the close of its fiscal year.
9. [If the guarantor is a commercial company that issues bonds, insert the following language]

The guarantor agrees that if, at the end of any fiscal year before termination of this self-guarantee, it fails to meet the self-guarantee financial test criteria, it shall send, by certified mail, immediate notice to the NRC that it intends to provide alternative financial assurance as specified in 10 CFR Part [insert 30, 40, 70, or 72]. Within 120 days of such notice, the guarantor shall establish such financial assurance.

[If the guarantor is a commercial company that does not issue bonds or is a non-profit college, university, or hospital, insert the following language]

The guarantor agrees that if, at the end of any fiscal year before termination of this self-guarantee, it fails to meet the self-guarantee financial test criteria, it shall send within 90 days of the end of the fiscal year, by certified mail, notice to the NRC that it intends to provide alternative financial assurance as specified in 10 CFR Part [insert 30, 40, 70, or 72]. Within

120 days after the end of the fiscal year, the guarantor shall establish such financial assurance.

10. The guarantor also agrees to notify the beneficiary promptly if the ownership of the licensed activity is transferred, and to maintain this guarantee until the new licensee provides alternative financial assurance acceptable to the beneficiary.
11. The guarantor agrees that if it determines, at any time other than as described in Recital 9, that it no longer meets the self-guarantee financial test criteria or it is disallowed from continuing as a self-guarantor, it shall establish alternative financial assurance as specified in 10 CFR Part 30, 40, 70, or 72, as applicable, within 30 days.
12. The guarantor, as well as its successors and assigns, agrees to remain bound jointly and severally under this guarantee notwithstanding any or all of the following: amendment or modification of the license or NRC-approved decommissioning funding plan for that facility, the extension or reduction of the time of performance of required activities, or any other modification or alteration of an obligation of the licensee pursuant to 10 CFR Part [insert 30, 40, 70, or 72].
13. The guarantor agrees that it shall be liable for all litigation costs incurred by the beneficiary, NRC, in any successful effort to enforce the agreement against the guarantor.
14. The guarantor agrees to remain bound under this self-guarantee for as long as it, as licensee, must comply with the applicable financial assurance requirements of 10 CFR Part [insert 30, 40, 70, or 72], for the previously listed facilities, except that the guarantor may cancel this self-guarantee by sending notice by certified mail to the NRC, such cancellation to become effective [if the guarantor is a commercial company that issues bonds, insert “no earlier than 120 days after receipt of such notice by the NRC, as evidenced by the return receipt”] [if the guarantor is a commercial company that does not issue bonds or is a nonprofit college, university, or hospital, insert “not before an alternative financial assurance mechanism has been put in place by the guarantor”].
15. The guarantor agrees that if it, as licensee, fails to provide alternative financial assurance as specified in 10 CFR Part [insert 30, 40, 70, or 72], as applicable, and obtain written approval of such assurance from the NRC within 90 days after a notice of cancellation by the guarantor is received by the NRC from the guarantor, the guarantor shall make full payment under the self-guarantee.
16. The guarantor expressly waives notice of acceptance of this self-guarantee by the NRC. The guarantor also expressly waives notice of amendments or modification of the decommissioning requirements and of amendments or modification of the license.
17. If the guarantor files financial reports with the U.S. Securities and Exchange Commission, then it shall promptly submit them to its independent auditor and to the NRC during each year in which this self-guarantee is in effect.

[Insert the following recital only if the guarantor issues bonds]

18. The guarantor agrees that if, at any time before termination of this self-guarantee, its most recent bond issuance ceases to be rated in the category of “A” or above by either Standard & Poor’s or Moody’s, it shall provide notice in writing of such fact to the NRC within 20 days after publication of the change by the rating service.

I hereby certify that this self-guarantee is true and correct to the best of my knowledge.

Effective date: _____

[Name of self-guarantor]

[Authorized signature for self-guarantor]

[Name of person signing]

[Title of person signing]

Signature of witness or notary: _____

15. EXTERNAL SINKING FUNDS

An *external sinking fund* is a mechanism through which a licensee can gradually prepay for decommissioning by combining the use of a prepayment mechanism (i.e., trust fund, escrow account, government fund, certificate of deposit, or deposit of government securities) with a surety method (i.e., surety bond, letter of credit, or line of credit) or insurance.³⁰ As the value of the prepayment mechanism increases over time, the amount of coverage provided by the surety method or insurance can be reduced.

The remainder of this section discusses the primary criteria that determine whether particular external sinking fund submissions will be acceptable to NRC.

- C Section 15.1 describes qualifications required of the issuer.
- C Section 15.2 addresses funding and the adequacy of coverage.
- C Section 15.3 discusses the documentation that supports an external sinking fund.

This section also contains a checklist designed to assist licensees in preparing acceptable external sinking funds. Checklist 15-A summarizes the primary criteria used by NRC to evaluate external sinking funds.

15.1 QUALIFICATIONS OF THE ISSUER

As noted above, an external sinking fund combines a prepayment mechanism with a surety method or insurance. These mechanisms may be provided by separate entities or, in some cases, by a single issuer. In all cases, however, issuers of both the prepayment mechanism and the surety method or insurance must meet appropriate qualifications. Information on the qualifications of issuers of prepayment mechanisms is provided in Sections 4 through 8 of this regulatory guide. Information on the qualifications of issuers of surety methods or insurance is provided in Sections 9 through 12 of this regulatory guide.

15.2 LEVEL OF COVERAGE

An external sinking fund must be in an amount that, in total, is at least equal to the licensee's certification amount or estimated cost of decommissioning. The prepayment mechanism may be funded initially in any amount. The surety method or insurance must then assure the difference between the prepaid amount and the certification amount or estimated cost of decommissioning. Subsequently, the licensee must make contributions at least annually to the prepayment mechanism, which increases in value. As the value of the prepayment mechanism increases over time, the amount of coverage provided by the surety

³⁰ Parent company guarantees and self-guarantees may not be used as part of an external sinking fund as these mechanisms may not be used in combination with other forms of financial assurance.

CHECKLIST 15-A

EXTERNAL SINKING FUNDS

- 9 Documentation is complete:
 - 9 1. Prepayment mechanism (originally signed duplicate) and all supporting documentation (see Sections 4 through 8 and attach Checklists 4-A through 8-A, as applicable)
 - 9 2. Surety method or insurance (originally signed duplicate) and all supporting documentation (see Sections 9 through 12 and attach Checklists 9-A through 12-A, as applicable)
- 9 The amount of the external sinking fund equals or exceeds the required coverage level.

method or insurance can be reduced.³¹ The total coverage provided by both mechanisms, however, must at all times be at least equal to the licensee's certification amount or estimated cost of decommissioning. If the licensee's certification amount or estimated decommissioning cost increases to a level above the amount assured by the external sinking fund, the licensee must revise either the prepayment mechanism or the surety method/insurance so that the combination of the two mechanisms assures the higher amount.

15.3 RECOMMENDED DOCUMENTATION

Licensees who use external sinking funds to provide financial assurance for decommissioning must submit a copy of all documentation supporting the prepayment mechanism (see Sections 4 through 8) and the surety method or insurance (see Sections 9 through 12).

³¹ Assets held in the prepayment portion of an external sinking fund must be valued at their *current market value*.

16. STATEMENTS OF INTENT

A *statement of intent* is a commitment by a Federal, State, or local government licensee to request and obtain decommissioning funds from its funding body when necessary. The purpose of a statement of intent is to ensure that, early in the life of their facilities, government licensees make their funding bodies aware of (1) decommissioning requirements and costs and (2) the eventual need for funding. A statement of intent should demonstrate that a government licensee can request special funding from its funding body when necessary. This is different from a guarantee or commitment of a licensee's own funds. Therefore, it is not satisfactory for a licensee to demonstrate that it is authorized to enter into contracts and guarantees committing its own funds, or to promise to allocate funds from its operating budget, from other general appropriations (either current or future), or from other internal resources. Finally, a statement of intent must include a site-specific decommissioning cost estimate or a certification statement.

The remainder of this section discusses the primary criteria that determine whether a particular statement-of-intent submission will be acceptable to the NRC.

- C Section 16.1 describes qualifications required of the issuer.
- C Section 16.2 addresses the adequacy of coverage.
- C Section 16.3 discusses the documentation that supports a statement of intent.
- C Section 16.4 presents a model statement of intent that NRC has found to be acceptable.

This section also contains two checklists designed to assist licensees in preparing acceptable statements of intent. Checklist 16-A summarizes the primary criteria used by NRC to evaluate statements of intent. Checklist 16-B (which should be used only by licensees who revise or do not use the wording in the model statements of intent) presents terms and conditions that are recommended for statements of intent.

16.1 QUALIFICATIONS OF THE ISSUER

Under NRC's decommissioning financial assurance regulations (10 CFR 30.35(f)(4), 40.36(e)(4), 70.25(f)(4), and 72.30(c)(4)), only Federal, State, or local government licensees may issue statements of intent to provide financial assurance for decommissioning.

CHECKLIST 16-A

STATEMENTS OF INTENT

- 9 Documentation is complete:
 - 9 1. Statement of intent (originally signed duplicate)
 - 9 2. Documentation verifying that the signatory is authorized to represent the licensee in providing the statement of intent
 - 9 3. Checklist 16-B (if model statement of intent wording is modified or not used)
- 9 The amount of the statement of intent equals or exceeds the required coverage level.

16.2 LEVEL OF COVERAGE

A statement of intent must be in an amount that is at least equal to the licensee's certification amount or estimated cost of decommissioning.³² If the licensee's certification amount or estimated decommissioning cost increases to a level above the amount assured by the statement of intent, the licensee must either (1) revise the statement of intent to assure the higher amount, or (2) obtain another financial assurance mechanism to make up the difference between the new coverage level and the amount of the statement of intent.

16.3 RECOMMENDED DOCUMENTATION

Licensees who use statements of intent to provide financial assurance for decommissioning must submit a copy of the statement of intent and other documentation as discussed below and summarized in Checklist 16-A.³³

- C The *statement of intent* signed by an authorized representative of the licensee. The wording of a statement of intent may vary, but Section 16.4 of this regulatory guide is a model statement of intent that is acceptable to and recommended by the NRC. Licensees who use other wording should use Checklist 16-B to be sure that their wording contains all the necessary terms and conditions.
- C Documentation verifying that the person signing the statement of intent is authorized to represent the licensee in the transaction (i.e., has the authority to request and obtain decommissioning funds from the appropriate funding body when necessary).

³² The exception to this rule is a statement of intent that is being combined with another financial mechanism. For a combination of mechanisms, the *sum* of the coverage provided by the mechanisms must be at least equal to the required coverage level.

³³ Supporting documentation may differ for licensees who submit statements of intent that differ from the recommended model.

CHECKLIST 16-B

Terms and Conditions Needed in Decommissioning Statements of Intent

Use this checklist only if deviating from the wording recommended in Section 16.4.

- 9 Description of authority of government entity to make the statement of intent.
- 9 Identification of Federal, State, or local government licensee.
- 9 Description of facility(ies) (name, address, and license number) for which statement of intent provides financial assurance and corresponding costs of required activities.
- 9 Specification of the amount of funds being assured.
- 9 Statement that funds for required activities will be requested and obtained from the appropriate funding body when necessary.
- 9 Recitation of authority to sign the statement of intent.
- 9 Signatures.
- 9 Names and titles of signatories.
- 9 Date.

16.4 MODEL STATEMENT OF INTENT

TO: U.S. Nuclear Regulatory Commission
Washington, DC 20555
[or appropriate regional address]

STATEMENT OF INTENT

As [insert title of signatory] of [insert name of licensee], I exercise express authority and responsibility to request from [insert name of appropriate governmental funding body] funds for decommissioning activities associated with operations authorized by U.S. Nuclear Regulatory Commission Material License No. [insert license number]. This authority is established by [insert name of documents governing control of funds]. Within this authority, I intend to request that funds be made available when necessary in the amount of [insert dollar amount] to decommission [insert facility names, addresses, and estimated costs of required activities or applicable certification amounts]. I intend to request and obtain these funds sufficiently in advance of decommissioning to prevent delay of required activities.

A copy of [insert name of documents] is attached as evidence that I am authorized to represent [insert name of licensee] in this transaction.

[Signature]

[Name]

[Title]

[Date]

Attachment: As stated

17. STANDBY TRUST FUNDS

A *standby trust fund* is simply a trust fund that is not yet funded but is otherwise ready to accept monies in the event they are received from a particular source (such as a surety bond, letter of credit, line of credit, or insurance). Once a standby trust is funded, the funds would then be available to pay the costs of decommissioning, just as they would with an ordinary trust fund. As in the case of an ordinary trust fund, monies in a standby trust fund are legally segregated for a specific purpose and are administered by a trustee with a fiduciary responsibility to keep or use the property in the fund for the benefit of the beneficiary.

Under NRC's decommissioning financial assurance regulations (10 CFR 30.35(f)(2)(ii), 40.36(e)(2)(ii), 70.25(f)(2)(ii), and 72.30(c)(2)(ii)), a standby trust agreement must be established to receive funds from a surety method (i.e., surety bond, letter of credit, line of credit) or insurance. If the funds from these mechanisms were paid directly to NRC rather than to a standby trust fund, NRC would be required to deposit the funds in the U.S. Treasury as general revenue. Consequently, the funds would not be available to pay for decommissioning costs.

The remainder of this section discusses the primary criteria that determine whether particular standby trust fund submissions will be acceptable to NRC.

- C Section 17.1 describes qualifications required of the issuer (the trustee).
- C Section 17.2 addresses funding and the adequacy of coverage.
- C Section 17.3 discusses the documentation that supports a standby trust fund.
- C Section 17.4 presents a model standby trust fund submission that NRC has found to be acceptable.

This section also contains two checklists designed to assist licensees in preparing acceptable decommissioning standby trusts. Checklist 17-A summarizes the primary criteria used by NRC to evaluate standby trust funds. Checklist 17-B (which should be used only by licensees who revise or do not use the model wording for standby trust agreements) presents terms and conditions that are recommended for standby trust agreements.

17.1 QUALIFICATIONS OF THE ISSUER: THE TRUSTEE

The decommissioning financial assurance regulations (10 CFR 30.35(f)(2)(ii), 40.36(e)(2)(ii), 70.25(f)(2)(ii), and 72.30(c)(2)(ii)) require that the trustee be acceptable to NRC. Acceptable trustees include appropriate State or Federal government agencies and financial institutions that have the authority to act as trustees and whose trust operations are regulated and examined by a Federal or State agency. Trust operations are regulated separately from other banking operations, and it is very common for a regulated bank not to have the authority to act as a trustee. In addition, NRC's requirement for trustees is not usually met by individuals who are not acting as a representative of a financial institution.

CHECKLIST 17-A

STANDBY TRUST FUNDS

- 9 Documentation is complete:
- 9 1. Standby trust agreement (originally signed duplicate)
 - 9 2. Schedule A
 - 9 3. Schedule B
 - 9 4. Schedule C
 - 9 5. Certificate of events
 - 9 6. Certificate of resolution
 - 9 7. Letter of acknowledgement
 - 9 8. Checklist 17-B (if model standby trust wording is modified or not used)
- 9 The trustee is qualified:
- 9 The financial institution is regulated by a Federal or State agency.
 - 9 The financial institution has authority to act as a trustee and has trust operations that are regulated and examined by a Federal or State agency.

C The word "National" in the title of a financial institution signals that the institution is *Federally regulated*, as do the words "National Association" or the initials "N.A." following its title. To determine whether such a financial institution qualifies as an acceptable trustee, licensees should contact the appropriate district office of the Office of the Comptroller of the Currency (OCC) and confirm that the institution (1) is Federally regulated and (2) has Federally regulated trust operations. The six district offices of the OCC, along with the States and territories under their jurisdiction, are as follows:

- Northeastern District Office (212-819-9860) -- CT, DE, ME, MD, MA, NH, NJ, NY, PA, RI, VT, District of Columbia, Puerto Rico, and Virgin Islands.
- Southeastern District Office (404-659-8855) -- AL, FL, GA, MS, NC, SC, TN, VA, and WV.
- Central District Office (312-360-8800) -- IL, IN, KY, MI, OH, and WI.
- Midwestern District Office (816-556-1800) -- IA, KS, MN, MO, NE, ND, and SD.
- Southwestern District Office (214-720-0656) -- AR, LA, NM, OK, and TX.
- Western District Office (415-545-5900) -- AK, AZ, CA, CO, HI, ID, MT, NV, OR, UT, WA, WY, and Guam.

- C The word “State” in the title of a financial institution signals that the institution is *State regulated*. U.S. branches of foreign banks are usually regulated by the State in which they are located. To determine whether a State-regulated financial institution qualifies as an acceptable trustee, licensees should contact the applicable State banking authority and confirm that the institution (1) is State regulated and (2) has State-regulated trust operations.
- C The titles of some financial institutions do not suggest that they are either Federally regulated or State regulated. In many such cases (but not all), these institutions are State regulated, as are many domestic branches of foreign banks.

The licensee may need or choose to replace the current trustee with a new trustee. To be acceptable to NRC, any successor trustee must meet the same standard as the original trustee (i.e., must be an appropriate State or Federal government agency or an entity that has the authority to act as a trustee and whose trust operations are regulated and examined by a Federal or State agency). To ensure that the change in trustee does not negatively impact the standby trust, the licensee should replace the trustee only after sufficient notification (i.e., 90 days or more) has been provided to both NRC and the current trustee.

17.2 LEVEL OF COVERAGE

Standby trusts generally do not need to contain any money or property at the time they are established.³⁴ The standby trust should, however, anticipate that it will or may be funded in the full certification amount or estimated decommissioning cost. For example, the standby trust agreement should allow the trustee to access the full level of coverage as appropriate to complete decommissioning activities. (In the model (Section 17.4) for a standby trust agreement, for example, the trustee is authorized to make decommissioning payments only up to the amount listed in Schedule A to the standby trust agreement. If the amount listed in Schedule A is not at least as great as the NRC-approved cost estimate or certification amount, the trustee may not be able to make sufficient payments to complete decommissioning, even if there are sufficient monies in the standby trust.)

If the funds from the licensee’s primary financial assurance mechanism are deposited into a standby trust fund, the trust must at all times contain sufficient assets, valued at their *current market value*, to complete decommissioning activities.

17.3 RECOMMENDED DOCUMENTATION

The terms and conditions of a standby trust are governed by a written standby trust agreement. The wording of a standby trust agreement may vary, but Section 17.4 of this regulatory guide is a model standby trust agreement that meets NRC’s requirements and is recommended by NRC. In addition to the standby trust agreement, other documentation is to be submitted with a standby trust, as summarized in Checklist 17-A,³⁵ including the following.

³⁴ State law in some States may require a standby trust fund to contain a de minimis level of funding in order to be effective.

³⁵ Supporting documentation may differ for licensees who submit standby trusts that differ from the recommended model.

- C The *standby trust agreement* (along with any amendments) is the written document that specifies the terms and conditions of the standby trust. The wording contained in the model standby trust in Section 17.4 is acceptable to the NRC staff. Licensees who use other wording should refer to Checklist 17-B to be sure that the alternative wording contains all the necessary terms and conditions.
- C *Schedule A* identifies the name and address of the licensee, the NRC license numbers covered by the standby trust, the addresses of the licensed activity, the amount of regulatory assurances demonstrated by the standby trust agreement, and the date on which these amounts were last adjusted and approved by the NRC.
- C *Schedule B* lists the property (i.e., cash, securities, or other liquid assets) initially used to establish the standby trust fund.³⁶
- C *Schedule C* specifies the compensation to be paid by the licensee to the trustee for its services.
- C The *model certificate of events* and the *model certificate of resolution* provide the required format for instructing the trustee to release monies from the standby trust in order to fund decommissioning activities at the licensee's facility. When submitted as part of a financial assurance package, the model certificates should be unexecuted drafts. (Actual authorization to release funds from the standby trust is accomplished when completed and notarized versions of these certificates are signed by the secretary of the licensee and presented to the trustee.)
- C The notarized *letter of acknowledgement* verifies the execution of the standby trust agreement and certifies the trustee's signature and authority to enter into the agreement.

³⁶ A standby trust may be established with no property in the fund initially. In this case, Schedule B may simply state "none."

CHECKLIST 17-B

Terms and Conditions Needed in Decommissioning Standby Trust Agreements

Use this checklist only if deviating from the wording recommended in Section 17.4.

- 9 Execution date of standby trust.
- 9 Purpose of standby trust (“whereas” clauses).
- 9 Statement of licensee’s regulatory obligations as reason for the standby trust fund.
- 9 Grantor or grantors (introductory paragraph).
- 9 Trustee or trustees (introductory paragraph):
 - 9 1. Names and addresses; and
 - 9 2. Bank or corporate trustee.
- 9 Identification of facilities (name, address, and license number) and cost estimates or certification amounts (Section 2 and Schedule A).
- 9 Words of transfer, conveyance, and delivery in trust (Section 3).
- 9 Description of trust property (Section 4 and Schedule B):
 - 9 1. Cash;
 - 9 2. Securities; and/or
 - 9 3. Other liquid assets.
- 9 Additions to trust (Section 4).
- 9 Distribution of trust principal (Section 5):
 - 9 1. Disbursement to licensee upon proper certification;
 - 9 2. Payment for activities at NRC’s direction in writing;
 - 9 3. Refund to grantor at NRC’s written specification upon completion of decommissioning; and
 - 9 4. Maximum withdrawal of funds at one time for a particular license is limited to 10 percent of the remaining funds available for that license unless NRC written approval is attached.
- 9 Trust management (Sections 6 - 8):
 - 9 1. Discretionary powers;
 - 9 2. Fiduciary duty;
 - 9 3. Commingling and investment;
 - 9 4. Sale or exchange of trust property;
 - 9 5. Scope of investments;
 - 9 6. Express powers of trustee;
 - 9 7. Borrowing money and encumbering trust assets;
 - 9 8. Insurance (optional);
 - 9 9. Operation of business (optional); and
 - 9 10. Compromise of claims (optional).
- 9 Taxes and expenses (Section 9).
- 9 Annual valuation (Section 10).
- 9 Advice of counsel (Section 11).
- 9 Authority, compensation, and tenure of trustees (Sections 12 - 14):
 - 9 1. Trustee compensation (Schedule C);
 - 9 2. Successor trustee; and
 - 9 3. Instructions to trustee.
- 9 Amendment of agreement (Section 15).
- 9 Irrevocability and termination (Section 16).
- 9 Immunity and indemnification (Section 17).
- 9 Law to govern construction and operation of trust (Section 18).
- 9 Interpretation and severability (Section 19).
- 9 Signatures and titles.
- 9 Acknowledgements, seals, or attestations, if necessary or desired (witness by notary public).
- 9 Acceptance of standby trust by trustee or trustees (acknowledgement).

17.4 MODEL STANDBY TRUST AGREEMENT

TRUST AGREEMENT, the Agreement entered into as of [insert date] by and between [insert name of licensee], a [insert name of State] [insert “corporation,” “partnership,” “association,” or “proprietorship”], herein referred to as the “Grantor,” and [insert name and address of a trustee acceptable to NRC], the “Trustee.”

WHEREAS, the U.S. Nuclear Regulatory Commission (NRC), an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has promulgated regulations in Title 10, Chapter I, of the Code of Federal Regulations, Part [insert 30, 40, 70, or 72]. These regulations, applicable to the Grantor, require that a holder of, or an applicant for, a materials license issued pursuant to 10 CFR Part [insert 30, 40, 70, or 72] provide assurance that funds will be available when needed for required decommissioning activities.

WHEREAS, the Grantor has elected to use a [insert “letter of credit,” “line of credit,” “surety bond,” “insurance policy,” “parent company guarantee,” or “self-guarantee”] to provide [insert “all” or “part”] of such financial assurance for the facilities identified herein; and

WHEREAS, when payment is made under a [insert “letter of credit,” “line of credit,” “surety bond,” “insurance policy,” “parent company guarantee,” or “self-guarantee”], this standby trust shall be used for the receipt of such payment; and

WHEREAS, the Grantor, acting through its duly authorized officers, has selected the Trustee to be the trustee under this Agreement, and the Trustee is willing to act as trustee;

NOW, THEREFORE, the Grantor and the Trustee agree as follows:

Section 1. Definitions. As used in this Agreement:

- (a) The term “Grantor” means the NRC licensee who enters into this Agreement and any successors or assigns of the Grantor.
- (b) The term “Trustee” means the trustee who enters into this Agreement and any successor trustee.

Section 2. Costs of Decommissioning. This Agreement pertains to the costs of decommissioning the materials and activities identified in License Number [insert license number] issued pursuant to 10 CFR Part [insert 30, 40, 70, or 72], as shown in Schedule A.

Section 3. Establishment of Fund. The Grantor and the Trustee hereby establish a standby trust fund (the Fund) for the benefit of the NRC. The Grantor and the Trustee intend that no third party shall have access to the Fund except as provided herein.

Section 4. Payments Constituting the Fund. Payments made to the Trustee for the Fund shall consist of cash, securities, or other liquid assets acceptable to the Trustee. The Fund is established initially as consisting of the property, which is acceptable to the Trustee, described in Schedule B attached hereto. Such property and any other property subsequently transferred to the Trustee are referred to as the “Fund,” together with all earnings and profits thereon, less any payments or distributions made by the Trustee pursuant to this Agreement. The Fund shall be held by the Trustee, IN TRUST, as hereinafter provided. The Trustee shall not be responsible nor shall it undertake any responsibility for the amount of, or adequacy of the Fund, nor

any duty to collect from the Grantor, any payments necessary to discharge any liabilities of the Grantor established by the NRC.

Section 5. Payment for Required Activities Specified in the Plan. The Trustee shall make payments from the Fund to the Grantor upon presentation to the Trustee of the following:

- (a) A certificate duly executed by the Secretary of the Grantor attesting to the occurrence of the events, and in the form set forth in the attached Certificate of Events, and
- (b) A certificate attesting to the following conditions:
 - (1) that decommissioning is proceeding pursuant to an NRC-approved plan;
 - (2) that the funds withdrawn will be expended for activities undertaken pursuant to that plan; and
 - (3) that the NRC has been given 30 days prior notice of [insert name of licensee]'s intent to withdraw funds from the trust fund.

No withdrawal from the Fund for a particular license can exceed 10 percent of the remaining funds available for that license unless NRC written approval is attached.

In the event of the Grantor's default or inability to direct decommissioning activities, the Trustee shall make payments from the Fund as the NRC shall direct, in writing, to provide for the payment of the costs of required activities covered by this Agreement. The Trustee shall reimburse the Grantor or other persons as specified by the NRC from the Fund for expenditures for required activities in such amounts as the NRC shall direct in writing. In addition, the Trustee shall refund to the Grantor such amounts as the NRC specifies in writing. Upon refund, such funds shall no longer constitute part of the Fund as defined herein.

Section 6. Trust Management. The Trustee shall invest and reinvest the principal and income of the Fund and keep the Fund invested as a single fund, without distinction between principal and income, in accordance with general investment policies and guidelines which the Grantor may communicate in writing to the Trustee from time to time, subject, however, to the provisions of this section. In investing, reinvesting, exchanging, selling, and managing the Fund, the Trustee shall discharge its duties with respect to the Fund solely in the interest of the beneficiary and with the care, skill, prudence and diligence under the circumstances then prevailing which persons of prudence, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims; except that:

- (a) Securities or other obligations of the Grantor, or any other owner or operator of the facilities, or any of their affiliates as defined in the Investment Company Act of 1940, as amended (15 U.S.C. 80a-2(a)), shall not be acquired or held, unless they are securities or other obligations of the Federal or a State government;
- (b) The Trustee is authorized to invest the Fund in time or demand deposits of the Trustee, to the extent insured by an agency of the Federal government, and in obligations of the Federal government such as GNMA, FNMA, and FHLM bonds and certificates or State and Municipal bonds rated BBB or higher by Standard & Poor's or Baa or higher by Moody's Investment Services; and
- (c) For a reasonable time, not to exceed 60 days, the Trustee is authorized to hold uninvested cash, awaiting investment or distribution, without liability for the payment of interest thereon.

Section 7. Commingling and Investment. The Trustee is expressly authorized in its discretion:

- (a) To transfer from time to time any or all of the assets of the Fund to any common, commingled, or collective trust fund created by the Trustee in which the Fund is eligible to participate, subject to all of the provisions thereof, to be commingled with the assets of other trusts participating therein; and
- (b) To purchase shares in any investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.), including one that may be created, managed, underwritten, or to which investment advice is rendered, or the shares of which are sold by the Trustee. The Trustee may vote such shares in its discretion.

Section 8. Express Powers of Trustee. Without in any way limiting the powers and discretion conferred upon the Trustee by the other provisions of this Agreement or by law, the Trustee is expressly authorized and empowered:

- (a) To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale, as necessary to allow duly authorized withdrawals at the joint request of the Grantor and the NRC or to reinvest in securities at the direction of the Grantor;
- (b) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;
- (c) To register any securities held in the Fund in its own name, or in the name of a nominee, and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacities, to reinvest interest payments and funds from matured and redeemed instruments, to file proper forms concerning securities held in the Fund in a timely fashion with appropriate government agencies, or to deposit or arrange for the deposit of such securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee or such depository with other securities deposited therein by another person, or to deposit or arrange for the deposit of any securities issued by the U.S. Government, or any agency or instrumentality thereof, with a Federal Reserve Bank, but the books and records of the Trustee shall at all times show that all such securities are part of the Fund;
- (d) To deposit any cash in the Fund in interest-bearing accounts maintained or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution affiliated with the Trustee, to the extent insured by an agency of the Federal government; and
- (e) To compromise or otherwise adjust all claims in favor of or against the Fund.

Section 9. Taxes and Expenses. All taxes of any kind that may be assessed or levied against or in respect of the Fund and all brokerage commissions incurred by the Fund shall be paid from the Fund. All other expenses incurred by the Trustee in connection with the administration of this Trust, including fees for legal services rendered to the Trustee, the compensation of the Trustee to the extent not paid directly by the Grantor, and all other proper charges and disbursements of the Trustee shall be paid from the Fund.

Section 10. Annual Valuation. After payment has been made into this standby trust fund, the Trustee shall annually, at least 30 days before the anniversary date of receipt of payment into the standby trust fund, furnish to the Grantor and to the NRC a statement confirming the value of the Trust. Any securities in the

Fund shall be valued at market value as of no more than 60 days before the anniversary date of the establishment of the Fund. The failure of the Grantor to object in writing to the Trustee within 90 days after the statement has been furnished to the Grantor and the NRC shall constitute a conclusively binding assent by the Grantor, barring the Grantor from asserting any claim or liability against the Trustee with respect to the matters disclosed in the statement.

Section 11. Advice of Counsel. The Trustee may from time to time consult with counsel with respect to any question arising as to the construction of this Agreement or any action to be taken hereunder. The Trustee shall be fully protected, to the extent permitted by law, in acting on the advice of counsel.

Section 12. Trustee Compensation. The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing with the Grantor. (See Schedule C.)

Section 13. Successor Trustee. Upon 90 days notice to the NRC and the Grantor, the Trustee may resign; upon 90 days notice to NRC and the Trustee, the Grantor may replace the Trustee; but such resignation or replacement shall not be effective until the Grantor has appointed a successor Trustee, the successor accepts the appointment, the successor is ready to assume its duties as trustee, and NRC has agreed, in writing, that the successor is an appropriate State or Federal government agency or an entity that has the authority to act as a trustee and whose trust operations are regulated and examined by a Federal or State agency. The successor Trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. When the resignation or replacement is effective, the Trustee shall assign, transfer, and pay over to the successor Trustee the funds and properties then constituting the Fund. If for any reason the Grantor cannot or does not act in the event of the resignation of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee or for instructions. The successor Trustee shall specify the date on which it assumes administration of the trust, in a writing sent to the Grantor, the NRC, and the present Trustee, by certified mail 10 days before such change becomes effective. Any expenses incurred by the Trustee as a result of any of the acts contemplated by this section shall be paid as provided in Section 9.

Section 14. Instructions to the Trustee. All orders, requests, and instructions by the Grantor to the Trustee shall be in writing, signed by such persons as are signatories to this Agreement or such other designees as the Grantor may designate in writing. The Trustee shall be fully protected in acting without inquiry in accordance with the Grantor's orders, requests, and instructions. If the NRC issues orders, requests, or instructions to the Trustee these shall be in writing, signed by the NRC or its designees, and the Trustee shall act and shall be fully protected in acting in accordance with such orders, requests, and instructions. The Trustee shall have the right to assume, in the absence of written notice to the contrary, that no event constituting a change or a termination of the authority of any person to act on behalf of the Grantor or the NRC hereunder has occurred. The Trustee shall have no duty to act in the absence of such orders, requests, and instructions from the Grantor and/or the NRC, except as provided for herein.

Section 15. Amendment of Agreement. This Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee, and the NRC, or by the Trustee and the NRC if the Grantor ceases to exist. All amendments shall meet the relevant regulatory requirements of the NRC.

Section 16. Irrevocability and Termination. Subject to the right of the parties to amend this Agreement as provided in Section 15, this trust shall be irrevocable and shall continue until terminated at the written agreement of the Grantor, the Trustee, and the NRC, or by the Trustee and the NRC if the Grantor ceases to exist. Upon termination of the trust, all remaining trust property, less final trust administration expenses, shall be delivered to the Grantor or its successor.

Section 17. Immunity and Indemnification. The Trustee shall not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this trust, or in carrying out any directions by the Grantor or the NRC issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor or from the trust fund, or both, from and against any personal liability to which the Trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense in the event the Grantor fails to provide such defense.

Section 18. This Agreement shall be administered, construed, and enforced according to the laws of the State of [insert name of State].

Section 19. Interpretation and Severability. As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each section of this Agreement shall not affect the interpretation or the legal efficacy of this Agreement. If any part of this Agreement is invalid, it shall not affect the remaining provisions which will remain valid and enforceable.

IN WITNESS WHEREOF the parties have caused this Agreement to be executed by the respective officers duly authorized and the incorporate seals to be hereunto affixed and attested as of the date first written above.

[Insert name of licensee (Grantor)]
[Signature of representative of Grantor]
[Title]

ATTEST:
[Title]
[Seal]

[Insert name of Trustee]
[Signature of representative of Trustee]
[Title]

ATTEST:
[Title]
[Seal]

17.5 MODEL STANDBY TRUST AGREEMENT SCHEDULES

Schedule A

This Agreement demonstrates financial assurance for the following cost estimates or certification amounts for the following licensed activities:

U.S. NUCLEAR REGULATORY COMMISSION LICENSE NUMBER(S)	NAME AND ADDRESS OF LICENSEE	ADDRESS OF LICENSED ACTIVITY	COST ESTIMATES FOR REGULATORY ASSURANCES DEMONSTRATED BY THIS AGREEMENT
--	------------------------------------	------------------------------------	---

The cost estimates listed here were last adjusted and approved by the NRC on [insert date].

Schedule B

DOLLAR AMOUNT _____

AS EVIDENCED BY _____

Schedule C

Trustee's fees shall be \$_____ per year.

17.6 MODEL CERTIFICATE OF EVENTS

[Insert name and address of trustee]

Attention: Trust Division

Gentlemen:

In accordance with the terms of the Agreement with you dated _____, I, _____, Secretary of [insert name of licensee], hereby certify that the following events have occurred:

1. [Insert name of licensee] is required to commence the decommissioning of its facility located at [insert location of facility] (hereinafter called the decommissioning).
2. The plans and procedures for the commencement and conduct of the decommissioning have been approved by the United States Nuclear Regulatory Commission, or its successor, on _____ (copy of approval attached).
3. The Board of Directors of [insert name of licensee] has adopted the attached resolution authorizing the commencement of the decommissioning.

Secretary of [insert name of licensee]

Date

17.7 MODEL CERTIFICATE OF RESOLUTION

I, _____, do hereby certify that I am Secretary of [insert name of licensee], a [insert State of incorporation] corporation, and that the resolution listed below was duly adopted at a meeting of this Corporation's Board of Directors on _____, 19____.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the seal of this Corporation this ____ day of _____, 19____.

Secretary

RESOLVED, that this Board of Directors hereby authorizes the President, or such other employee of the Company as he may designate, to commence decommissioning activities at [insert name of facility] in accordance with the terms and conditions described to this Board of Directors at this meeting and with such other terms and conditions as the President shall approve with and upon the advice of Counsel.

17.8 MODEL LETTER OF ACKNOWLEDGMENT

STATE OF _____

To Wit: _____

CITY OF _____

On this ____ day of _____, before me, a notary public in and for the city and State aforesaid, personally appeared _____, and she/he did depose and say that she/he is the [insert title], of _____, national banking association, Trustee, which executed the above instrument, that she/he knows the seal of said association; that the seal affixed to such instrument is such corporate seal; that it was so affixed by order of the association; and that she/he signed her/his name thereto by like order.

[Signature of notary public]

My Commission Expires: _____
[Date]

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APPENDIX A

Table for Determining Financial Assurance Requirements Under 10 CFR Parts 30, 40, and 70 by Type of Isotope and Activity Level

ISOTOPE	Sealed Sources/ Plated Foils under 10 CFR Part 30		Unsealed Sources under 10 CFR Parts 30, 40, and 70			
	Financial Assurance Not Required	\$75,000 Certification Allowed	Financial Assurance Not Required	\$150,000 Certification Allowed	\$750,000 Certification Allowed	DFP Required
Americium-241	#100 Ci	>100 Ci	#0.01 mCi	>0.01 mCi, #0.1 mCi	>0.1 mCi, #1 mCi	>1 mCi
Antimony-122	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Antimony-124	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Antimony-125	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Arsenic-73	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Arsenic-74	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Arsenic-76	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Arsenic-77	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Barium-131	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Barium-133	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Barium-140	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Bismuth-210	#10,000 Ci	>10,000 Ci	#1 mCi	>1 mCi, #10 mCi	>10 mCi, #100 mCi	>100 mCi
Bromine-82	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Cadmium-109	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Cadmium-115m	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Cadmium-115	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Calcium-45	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci

ISOTOPE	Sealed Sources/ Plated Foils under 10 CFR Part 30		Unsealed Sources under 10 CFR Parts 30, 40, and 70			
	Financial Assurance Not Required	\$75,000 Certification Allowed	Financial Assurance Not Required	\$150,000 Certification Allowed	\$750,000 Certification Allowed	DFP Required
Calcium-47	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Carbon-14	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Cerium-141	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Cerium-143	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Cerium-144	#10,000 Ci	>10,000 Ci	#1 mCi	>1 mCi, #10 mCi	>10 mCi, #100 mCi	>100 mCi
Cesium-131	#10,000,00 0 Ci	>10,000,000 Ci	#1 Ci	>1 Ci, #10 Ci	>10 Ci, #100 Ci	>100 Ci
Cesium-134m	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Cesium-134	#10,000 Ci	>10,000 Ci	#1 mCi	>1 mCi, #10 mCi	>10 mCi, #100 mCi	>100 mCi
Cesium-135	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Cesium-136	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Cesium-137	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Chlorine-36	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Chlorine-38	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Chromium-51	#10,000,00 0 Ci	>10,000,000 Ci	#1 Ci	>1 Ci, #10 Ci	>10 Ci, #100 Ci	>100 Ci
Cobalt-58m	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Cobalt-58	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Cobalt-60	#10,000 Ci	>10,000 Ci	#1 mCi	>1 mCi, #10 mCi	>10 mCi, #100 mCi	>100 mCi

ISOTOPE	Sealed Sources/ Plated Foils under 10 CFR Part 30		Unsealed Sources under 10 CFR Parts 30, 40, and 70			
	Financial Assurance Not Required	\$75,000 Certification Allowed	Financial Assurance Not Required	\$150,000 Certification Allowed	\$750,000 Certification Allowed	DFP Required
Copper-64	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Dysprosium-165	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Dysprosium-166	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Erbium-169	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Erbium-171	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Europium-152 9.2 h	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Europium-152 13 yr	#10,000 Ci	>10,000 Ci	#1 mCi	>1 mCi, #10 mCi	>10 mCi, #100 mCi	>100 mCi
Europium-154	#10,000 Ci	>10,000 Ci	#1 mCi	>1 mCi, #10 mCi	>10 mCi, #100 mCi	>100 mCi
Europium-155	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Fluorine-18	#10,000,00 0 Ci	>10,000,000 Ci	#1 Ci	>1 Ci, #10 Ci	>10 Ci, #100 Ci	>100 Ci
Gadolinium-153	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Gadolinium-159	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Gallium-72	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Germanium-71	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Gold-198	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Gold-199	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Hafnium-181	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci

ISOTOPE	Sealed Sources/ Plated Foils under 10 CFR Part 30		Unsealed Sources under 10 CFR Parts 30, 40, and 70			
	Financial Assurance Not Required	\$75,000 Certification Allowed	Financial Assurance Not Required	\$150,000 Certification Allowed	\$750,000 Certification Allowed	DFP Required
Holmium-166	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Hydrogen-3	#10,000,000 Ci	>10,000,000 Ci	#1 Ci	>1 Ci, #10 Ci	>10 Ci, #100 Ci	>100 Ci
Indium-113m	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Indium-114m	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Indium-115m	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Indium-115	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Iodine-125	#10,000 Ci	>10,000 Ci	#1 mCi	>1 mCi, #10 mCi	>10 mCi, #100 mCi	>100 mCi
Iodine-126	#10,000 Ci	>10,000 Ci	#1 mCi	>1 mCi, #10 mCi	>10 mCi, #100 mCi	>100 mCi
Iodine-129	#1,000 Ci	>1,000 Ci	#0.1 mCi	>0.1 mCi, #1 mCi	>1 mCi, #10 mCi	>10 mCi
Iodine-131	#10,000 Ci	>10,000 Ci	#1 mCi	>1 mCi, #10 mCi	>10 mCi, #100 mCi	>100 mCi
Iodine-132	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Iodine-133	#10,000 Ci	>10,000 Ci	#1 mCi	>1 mCi, #10 mCi	>10 mCi, #100 mCi	>100 mCi
Iodine-134	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Iodine-135	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Iridium-192	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Iridium-194	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Iron-55	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci

ISOTOPE	Sealed Sources/ Plated Foils under 10 CFR Part 30		Unsealed Sources under 10 CFR Parts 30, 40, and 70			
	Financial Assurance Not Required	\$75,000 Certification Allowed	Financial Assurance Not Required	\$150,000 Certification Allowed	\$750,000 Certification Allowed	DFP Required
Iron-59	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Krypton-85	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Krypton-87	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Lanthanum-140	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Lutetium-177	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Manganese-52	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Manganese-54	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Manganese-56	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Mercury-197m	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Mercury-197	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Mercury-203	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Molybdenum-99	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Neodymium-147	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Neodymium-149	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Nickel-59	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Nickel-63	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Nickel-65	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci

ISOTOPE	Sealed Sources/ Plated Foils under 10 CFR Part 30		Unsealed Sources under 10 CFR Parts 30, 40, and 70			
	Financial Assurance Not Required	\$75,000 Certification Allowed	Financial Assurance Not Required	\$150,000 Certification Allowed	\$750,000 Certification Allowed	DFP Required
Niobium-93m	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Niobium-95	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Niobium-97	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Osmium-185	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Osmium-191m	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Osmium-191	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Osmium-193	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Palladium-103	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Palladium-109	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Phosphorus-32	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Platinum-191	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Platinum-193m	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Platinum-193	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Platinum-197m	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Platinum-197	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Plutonium-239	-	-	#0.01 mCi	>0.01 mCi, #0.1 mCi	>0.1 mCi, #1 mCi	>1 mCi
Polonium-210	#1,000 Ci	>1,000 Ci	#0.1 mCi	>0.1 mCi, #1 mCi	>1 mCi, #10 mCi	>10 mCi

ISOTOPE	Sealed Sources/ Plated Foils under 10 CFR Part 30		Unsealed Sources under 10 CFR Parts 30, 40, and 70			
	Financial Assurance Not Required	\$75,000 Certification Allowed	Financial Assurance Not Required	\$150,000 Certification Allowed	\$750,000 Certification Allowed	DFP Required
Potassium-42	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Praseodymium-142	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Praseodymium-143	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Promethium-147	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Promethium-149	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Radium-226	#100 Ci	>100 Ci	#0.01 mCi	>0.01 mCi, #0.1 mCi	>0.1 mCi, #1 mCi	>1 mCi
Rhenium-186	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Rhenium-188	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Rhodium-103m	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Rhodium-105	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Rubidium-86	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Rubidium-87	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Ruthenium-97	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Ruthenium-103	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Ruthenium-105	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Ruthenium-106	#10,000 Ci	>10,000 Ci	#1 mCi	>1 mCi, #10 mCi	>10 mCi, #100 mCi	>100 mCi
Samarium-151	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci

ISOTOPE	Sealed Sources/ Plated Foils under 10 CFR Part 30		Unsealed Sources under 10 CFR Parts 30, 40, and 70			
	Financial Assurance Not Required	\$75,000 Certification Allowed	Financial Assurance Not Required	\$150,000 Certification Allowed	\$750,000 Certification Allowed	DFP Required
Samarium-153	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Scandium-46	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Scandium-47	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Scandium-48	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Selenium-75	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Silicon-31	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Silver-105	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Silver-110m	#10,000 Ci	>10,000 Ci	#1 mCi	>1 mCi, #10 mCi	>10 mCi, #100 mCi	>100 mCi
Silver-111	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Sodium-24	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Strontium-85	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Strontium-89	#10,000 Ci	>10,000 Ci	#1 mCi	>1 mCi, #10 mCi	>10 mCi, #100 mCi	>100 mCi
Strontium-90	#1,000 Ci	>1,000 Ci	#0.1 mCi	>0.1 mCi, #1 mCi	>1 mCi, #10 mCi	>10 mCi
Strontium-91	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Strontium-92	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Sulphur-35	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Tantalum-182	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci

ISOTOPE	Sealed Sources/ Plated Foils under 10 CFR Part 30		Unsealed Sources under 10 CFR Parts 30, 40, and 70			
	Financial Assurance Not Required	\$75,000 Certification Allowed	Financial Assurance Not Required	\$150,000 Certification Allowed	\$750,000 Certification Allowed	DFP Required
Technetium-96	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Technetium-97m	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Technetium-97	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Technetium-99m	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Technetium-99	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Tellurium-125m	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Tellurium-127m	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Tellurium-127	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Tellurium-129m	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Tellurium-129	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Tellurium-131m	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Tellurium-132	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Terbium-160	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Thallium-200	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Thallium-201	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Thallium-202	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Thallium-204	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci

ISOTOPE	Sealed Sources/ Plated Foils under 10 CFR Part 30		Unsealed Sources under 10 CFR Parts 30, 40, and 70			
	Financial Assurance Not Required	\$75,000 Certification Allowed	Financial Assurance Not Required	\$150,000 Certification Allowed	\$750,000 Certification Allowed	DFP Required
Thorium (natural)	-	-	#10 mCi	>10 mCi, #100 mCi	-	>100 mCi
Thulium-170	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Thulium-171	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Tin-113	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Tin-125	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Tungsten-181	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Tungsten-185	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Tungsten-187	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Uranium (natural)	-	-	#10 mCi	>10 mCi, #100 mCi	-	>100 mCi
Uranium-233	-	-	#0.01 mCi	>0.01 mCi, #0.1 mCi	>0.1 mCi, #1 mCi	>1 mCi
Uranium-234	-	-	#0.01 mCi	>0.01 mCi, #0.1 mCi	>0.1 mCi, #1 mCi	>1 mCi
Uranium-235	-	-	#0.01 mCi	>0.01 mCi, #0.1 mCi	>0.1 mCi, #1 mCi	>1 mCi
Vanadium-48	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Xenon-131m	#10,000,000 Ci	>10,000,000 Ci	#1 Ci	>1 Ci, #10 Ci	>10 Ci, #100 Ci	>100 Ci
Xenon-133	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Xenon-135	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Ytterbium-175	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci

ISOTOPE	<i>Sealed Sources/ Plated Foils under 10 CFR Part 30</i>		<i>Unsealed Sources under 10 CFR Parts 30, 40, and 70</i>			
	Financial Assurance Not Required	\$75,000 Certification Allowed	Financial Assurance Not Required	\$150,000 Certification Allowed	\$750,000 Certification Allowed	DFP Required
Yttrium-90	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Yttrium-91	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Yttrium-92	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Yttrium-93	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Zinc-65	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Zinc-69m	#1,000,000 Ci	>1,000,000 Ci	#100 mCi	>100 mCi, #1 Ci	>1 Ci, #10 Ci	>10 Ci
Zinc-69	#10,000,000 Ci	>10,000,000 Ci	#1 Ci	>1 Ci, #10 Ci	>10 Ci, #100 Ci	>100 Ci
Zirconium-93	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Zirconium-95	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Zirconium-97	#100,000 Ci	>100,000 Ci	#10 mCi	>10 mCi, #100 mCi	>100 mCi, #1 Ci	>1 Ci
Any alpha emitting radionuclide not listed above or mixtures of alpha emitters of unknown composition (with a half-life greater than 120 days)	#100 Ci	>100 Ci	#0.01 mCi	>0.01 mCi, #0.1 mCi	>0.1 mCi, #1 mCi	>1 mCi
Any radionuclide other than alpha emitting radionuclides, not listed above or mixtures of beta emitters of unknown composition (with a half-life greater than 120 days)	#1,000 Ci	>1,000 Ci	#0.1 mCi	>0.1 mCi, #1 mCi	>1 mCi, #10 mCi	>10 mCi

APPENDIX B

APPENDIX B TO 10 CFR PART 30* Quantities¹ of Licensed Material Requiring Labeling

Material	Microcuries	Material	Microcuries	Material	Microcuries	Material	Microcuries
Americium-241	0.01	Gadolinium-159	100	Osmium-191	100	Tantalum-182	10
Antimony-122	100	Gallium-72	10	Osmium-193	100	Technetium-96	10
Antimony-124	10	Germanium-71	100	Palladium-103	100	Technetium-97m	100
Antimony-125	10	Gold-198	100	Palladium-109	100	Technetium-97	100
Arsenic-73	100	Gold-199	100	Phosphorus-32	10	Technetium-99m	100
Arsenic-74	10	Hafnium-181	10	Platinum-191	100	Technetium-99	10
Arsenic-76	10	Holmium-166	100	Platinum-193m	100	Tellurium-125m	10
Arsenic-77	100	Hydrogen-3	1,000	Platinum-193	100	Tellurium-127m	10
Barium-131	10	Indium-113m	100	Platinum-197m	100	Tellurium-127	100
Barium-133	10	Indium-114m	10	Platinum-197	100	Tellurium-129m	10
Barium-140	10	Indium-115m	100	Plutonium-239	0.01	Tellurium-129	100
Bismuth-210	1	Indium-115	10	Polonium-210	0.1	Tellurium-131m	10
Bromine-82	10	Iodine-125	1	Potassium-42	10	Tellurium-132	10
Cadmium-109	10	Iodine-126	1	Praseodymium-142	100	Terbium-160	10
Cadmium-115m	10	Iodine-129	0.1	Praseodymium-143	100	Thallium-200	100
Cadmium-115	100	Iodine-131	1	Promethium-147	10	Thallium-201	100
Calcium-45	10	Iodine-132	10	Promethium-149	10	Thallium-202	100
Calcium-47	10	Iodine-133	1	Radium-226	0.01	Thallium-204	10
Carbon-14	100	Iodine-134	10	Rhenium-186	100	Thorium(natural) ¹	100
Cerium-141	100	Iodine-135	10	Rhenium-188	100	Thulium-170	10
Cerium-143	100	Iridium-192	10	Rhodium-103m	100	Thulium-171	10
Cerium-144	1	Iridium-194	100	Rhodium-105	100	Tin-113	10
Cesium-131	1,000	Iron-55	100	Rubidium-86	10	Tin-125	10
Cesium-134m	100	Iron-59	10	Rubidium-87	10	Tungsten-181	10
Cesium-134	1	Krypton-85	100	Ruthenium-97	100	Tungsten-185	10
Cesium-135	10	Krypton-87	10	Ruthenium-103	10	Tungsten-187	100
Cesium-136	10	Lanthanum-140	10	Ruthenium-105	10	Uranium(natural) ²	100
Cesium-137	10	Lutetium-177	100	Ruthenium-106	1	Uranium-233	0.01
Chlorine-36	10	Manganese-52	10	Samarium-151	10	Uranium-234	0.01
Chlorine-38	10	Manganese-54	10	Samarium-153	100	Uranium-235	0.01
Chromium-51	1,000	Manganese-56	10	Scandium-46	10	Vanadium-48	10
Cobalt-58m	10	Mercury-197m	100	Scandium-47	100	Xenon-131m	1,000
Cobalt-58	10	Mercury-197	100	Scandium-48	10	Xenon-133	100
Cobalt-60	1	Mercury-203	10	Selenium-75	10	Xenon-135	100
Copper-64	100	Molybdenum-99	100	Silicon-31	100	Ytterbium-175	100
Dysprosium-165	10	Neodymium-147	100	Silver-105	10	Yttrium-90	10
Dysprosium-166	100	Neodymium-149	100	Silver-110m	1	Yttrium-91	10
Erbium-169	100	Nickel-59	100	Silver-111	100	Yttrium-92	100
Erbium-171	100	Nickel-63	10	Sodium-24	10	Yttrium-93	100
Europium-152 9.2 h	100	Nickel-65	100	Strontium-85	10	Zinc-65	10
Europium-152 13 yr	1	Niobium-93m	10	Strontium-89	1	Zinc-69m	100
Europium-154	1	Niobium-95	10	Strontium-90	0.1	Zinc-69	1,000
Europium-155	10	Niobium-97	10	Strontium-91	10	Zirconium-93	10
Fluorine-18	1,000	Osmium-185	10	Strontium-92	10	Zirconium-95	10
Gadolinium-153	10	Osmium-191m	100	Sulphur-35	100	Zirconium-97	10

Any alpha emitting radionuclide not listed above or mixtures of alpha emitters of unknown composition. 0.01
Any radionuclide other than alpha emitting radionuclides, not listed above or mixtures of beta emitters of unknown composition. 0.1

¹ Based on alpha disintegration rate of Th-232, Th-230 and their daughter products.

² Based on alpha disintegration rate of U-238, U-234, and U-235.

NOTE: For purposes of §20.303, where there is involved a combination of isotopes in known amounts, the limit for the combination should be derived as follows: Determine, for each isotope in the combination, the ratio between the quantity present in the combination and the limit otherwise established for the specific isotope when not in combination. The sum of such ratios for all the isotopes in the combination may not exceed "1" (i.e., "unity").

* Current as of July 1, 1998.

VALUE/IMPACT STATEMENT

A draft value/impact statement was published with the draft of this guide when it was first published for public comment (Task DG-3002, January 1990). No changes were necessary, so a separate value/impact statement for Regulatory Guide 3.66 or DG-3014 have not been prepared. A copy of the draft value/impact statement is available for inspection or copying for a fee in the NRC's Public Document Room at 2120 L Street NW., Washington, DC, under Task DG-3014 or DG-3002.